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Management RECORD

Oct. 1958 • Vol. XX • No. 10

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NATIONAL INDUSTRIAL CONFERENCE BOARD, INC.

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Management Record

October, 1958

Vol. XX, No. 10

• In the Record •

An Approach to Evaluation of Committees

A committee can solve anything! At least that's what some people say. And judging by the proliferation of committees throughout industry, many companies accept this belief wholeheartedly.

But do committees solve all problems better than one man, or are they sometimes used to *avoid* making decisions and taking responsibility? Are there frequent occasions when individual initiative would better obtain clear-cut action? In other words, when do committees perform useful and necessary work, and when do they just waste time, ideas and money?

These are never easy questions to answer, for, as the article starting on the next page points out, properly organized committees can deal effectively with an astounding variety of jobs. How then can a company assess the work its committees are doing? "An Approach to Evaluation of Committees" should give the reader some important pointers.

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The Ford-UAW Agreement

Three years ago, the initials SUB were introduced into the lexicon of personnel relations by the Ford-UAW contract agreement. These initials stood for a noteworthy innovation: company supplementation of state unemployment compensation. At the time, SUB was experimental. But with Ford's plan as a model, later contracts carried the new concept further.

Now it's come a full circle. Ford and the UAW have signed a new contract, their first since the historic one of 1955. Many of the provisions of the 1958 Ford agreement represent a catching up with other settlements signed in the last three years. However, some important innovations for the automobile industry are contained in the new contract. Perhaps one of the most noteworthy is the extension of SUB benefits to cover workers who are on short workweeks. In addition, Ford will grant separation pay, jury duty pay and early retirement benefits for the first time.

The article, starting on page 334, discusses in detail these and other important contract provisions.

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Stock Options for All Employees

Over the past few years, stock options have become part of standard compensation for executives and supervisors in many companies. But fewer companies offer this incentive to nonsupervisory employees. One of the exceptions is the Royal McBee Corporation. Under its new Employee Stock Option and Savings Plan, rank-and-file workers may elect to authorize fixed payroll deductions in order to accumulate the purchase price of a specified number of company shares.

Royal McBee expected employee enthusiasm for its new plan, but the company was overwhelmed by the response. So many employees wanted to participate that the stock issue was oversubscribed, and options had to be reduced on a pro-rata basis.

How this plan works, and what factors have made it so popular are discussed in the article starting on page 338.

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Salesmen's Automobile Allowances

The Board's annual survey of automobile allowances paid to salesmen who drive their own cars on company business has a new look. For the first time, the types of allowances —such as flat mileage, graduated mileage, combination plans, etc.—are broken down on an industry basis. Also more information is given on the various allowance plans this year, and many of the data are presented in tabular form. Information on Canadian as well as United States companies appears in this article, starting on page 344.

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The Federal Welfare Fund Disclosure Law

Two months ago, the *Management Record* ran an article on state welfare fund disclosure laws. Along with this was a summary of the provisions of the Douglas-Kennedy-Ives bill—a federal welfare fund disclosure law that was then languishing in the House Labor Committee.

No one who follows the Washington legislative scene should be surprised to learn that the bill reported out of the House Labor Committee bore practically no resemblance to the bill that originally went in. The amended version was subsequently passed by the House and signed by the President—with reservations.

On page 341, the federal welfare fund disclosure law is analyzed, and the President's statement on this law is given in its entirety.

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Consumer Prices

If you live in Chicago, how have you fared with rising prices since 1953 as compared to your counterpart in Evansville, Indiana? Or how has the New Yorker done pricewise compared to the resident of Roanoke? In other words, have prices gone up less in small cities than in the larger metropolitan areas? To find the answer to this question, the Board took the annual averages of the five largest and the five smallest cities in the consumer price study and grouped them into two separate indexes. What the data show is taken up in the second part of the article, "No Change in Retail Prices," which appears on page 356.

An Approach to Evaluation of Committees

When is a committee useful and when is it a waste of time and money? This article should help any company answer that important question

ECONOMIES in business are being sought through the elimination of unessential activity and the more efficient combination of assignments. Cost reduction, particularly in areas classed under overhead expense, is receiving close scrutiny in the light of recent economic and business conditions. However, there does not appear to be much evidence that committees are being included in these organizational reappraisals, certainly not to the same degree as the more regular or normal organizational components and channels of business.

Committees, and the general interest in establishing them, have for some time now experienced a period of growth. Whether the impetus comes from management's desire to encourage participative management, consultative supervision, general communication, and development of managers, or from more concrete organizational needs involving some specific job to be accomplished is not known. What has become apparent, however, is that committee activities can serve human relations purposes better if they fulfill a real business purpose in the organization; committees created solely as training devices tend to become just another gadget. The proliferation of committees therefore must be controlled, from the standpoint of cost and other justifications, to make certain that more effective and perhaps less costly alternative organizational arrangements are not being by-passed—for committees are costly.

WHAT A COMMITTEE IS AND WHAT IT DOES

A committee, as distinguished from a conference group or staff meeting, is a reasonably permanent body. It is a supplementary organization entity that is a distinct part of the structure. It has a job, not assigned to any other organizational component, that contributes to the forward progress of the enterprise. It has responsibilities and authorities which it discharges collectively. And it has defined relationships with certain individuals and other organizational components. The committee is usually composed of members who, as individuals, hold other positions in the structure of the enterprise. The members are usually borrowed from their normal activities for the purposes served by the committee.[1]

Finally, there is usually a special kind of subject or situation that requires committee action. Either th subject cannot be assigned to an existing organiza tional component or the persons who will deal with do not normally work together to the extent require

All these factors add up to a committee being a organizational unit composed of a group of individua who would not work in formal association with eac other, except for the accomplishment of some speci purpose.

Advantages and Disadvantages of Committees

Implicit in this definition of committees are certa strengths and weaknesses that are often cited b organization and management analysts. Some of th more frequent statements used to characterize con mittees and their actions are these:

1. Committees are time consuming and expensive; th delay decision processes and add to red tape.
2. The pooling of judgment and knowledge may pr duce more objective conclusions, and/or higher quali conclusions.
3. Committees are indecisive.
4. Committees foster a greater sense of participatio and conclusions reached through committee action a generally more acceptable because of the participati factor.
5. Committees tend to duplicate or obscure other orga izational relationships.
6. Committees facilitate coordination and communic tion.
7. Committees can't be held accountable for results.
8. Committees develop leadership and are an excelle training device.
9. Committees are a breeding ground for political co flict and personality clashes.
10. Committees improve teamwork and foster coope tion.
11. Committees exert group pressure on the individu members, because each member develops both a sense loyalty to the group and a desire to be liked and accept by it.

This list is by no means all-inclusive. And wh these statements generally fall into either a pro or c grouping, analysis reveals that in certain situations particular attribute of committees may be benefic while in a different situation the same attribute m be detrimental. In fact, in certain situations, some the anticipated results may never materialize.

[1] In exceptional cases, a man may be chairman of a particularly active committee and hold no other position in the organization; or members may be relieved of all other duties once appointed an executive committee, for example.

To illustrate, consider item eleven. Certainly the conformity trend that is suggested may be highly desirable when applied to certain members of certain committees. An example might be when a recalcitrant individual is placed on a committee charged with developing or coordinating a suggestion system. He ultimately may feel obliged to support the program he helped devise or administer. But item 11 also implies that exceptionally able members may be brought down to the level of a more or less mediocre group. As a matter of fact these diametrically opposed interpretations have been given by different people questioned. Similarly, "objectivity" (item 2) may be very desirable in dealing with the subject of company policy affecting all components alike, as in the case of a personnel policy; but when dealing with the problem of a new product or new plant unit the separate "nonobjective" viewpoints of finance, engineering, manufacturing, and sales may be much more valuable to a president than an objective, compromise conclusion. The important departmental viewpoints might be lost to the chief executive in the ultimate conclusions of a committee where he was not present during the earlier deliberations.

Inability to fix accountability (Item 7) is an often cited disadvantage of committee action. But it is also conceded that some committees are established to obscure the placement of responsibility, and those who establish them for this purpose would consider this an advantage.

Actually, no matter how one chooses to classify the items, advantages and disadvantages tend to pair off with each other, particularly when one does not have a specific committee in mind for a specific situation. In other words, both benefits and ills can be expected because both are inherent in group activity. In electing to use committees, the purposes and goals established for committees, and the way they are organized tend to minimize or maximize net benefits. An obvious conclusion is that without net benefits, the committee should not be established, or if existing, should be dissolved. But, however the disadvantages and advantages pair off, there is one final test that can be made in a committee evaluation: *because committees tend to increase the complexity of organization, they should be used only when assignment of the function to an individual for the same purpose is clearly inadequate.*

Possible Activities of Committees

For what activities are committees considered most effective? Committees have, of course, been put to many uses. Some have even been set up to deal with *anything* that might come before them. Some have been established to review and modify recommendations of other committees. Some have been used for brainstorming purposes, sometimes in connection with naming or promoting new products or developing approaches to the problems connected with them. Some have been used for communicating company policy, others for developing policy, and others for interpreting policy. And some have been used for "coordination."

Committees have been involved with long- and short-range planning, budget review, safety program administration, job evaluation and salary administration, and so on, virtually *ad infinitum*. At one time or another, in one place or another, committees have been used for almost as many jobs as there are jobs to be done in an organization. Some companies have had as many as eighty to a hundred active, permanent committees meeting regularly for almost as many different purposes.

Attempts have been made to study what jobs committees are best suited for by summing up all activity in terms of the type of action involved. In terms of action, such a summary might include the following:

1. To inspect and/or to judge collectively as in jurisdictional disputes, evaluation problems, and policy interpretation problems.
2. To make decisions collectively.
3. To forecast and/or plan.
4. To communicate and/or discuss.
5. To initiate action and/or to issue instructions.
6. To recommend action or advise.
7. To enforce, as in the case of discipline.
8. To provide training or to educate, including the concept of securing acceptance of change.

Even such a short summary leaves the impression that committees are used and can be used to do just about anything.

Possibly a more meaningful classification of the activities of committees is in terms of the classic "planning, doing, and inspecting"[1] administrative functions that are involved in any job. Actually a fourth category must be added to fill out the picture, and this is "coordinating"—which merely represents the obligation of those performing any of the first three types of work to do so in harmony with others. Reduced to these terms, an attempt may be made to evaluate the possible utilization of committees for these types of activities.

Planning

How well can committees carry out the planning activity? How do they compare with individuals in effectiveness? Most managers agree that committees can be productive in this area provided one can afford some delay, and provided one does not expect more of the committee than recommendations for the guidance of others. A committee's helpfulness in this activity stems chiefly from the belief that "two heads are better than one" when it comes to problem-solving

[1] In some cases, the "classicists" use the terms "planning, doing, and *seeing*."

orientation. On the other hand, multiple brainpower means committee brainpower only when the subject is such that no one regular organizational unit has the required skill, knowledge or experience to deal with it effectively.

Compared with the use of individuals for planning, committees have proved at times superior, and at other times inferior. Existence of a committee, it is sometimes emphasized, does not relieve the administrator of his responsibility for planning; it merely provides him with another possible source of high-caliber ideas. Neither does it necessarily force a brilliant planner to slow down to the committee's rate of assimilation. Committees, when effective, are not to be thought of as substitutes for individual planning, but as aids or supplements.

Doing

When it comes to the "doing" function, there seems to be more positive conviction that committees are poor—whether the "doing" means performing experiments, gathering facts, compiling reports, arranging details of meetings or affairs, or such higher-level "doing" as making appointments and assignments, determining policy, making operating decisions, or even settling disagreements. Even the limited "doing" that is unavoidably part of a planning or inspecting committee's function, as the gathering of facts, tends to be inefficiently or slowly performed. For this reason, the more effective committees tend to farm out this "doing" to individuals or units where the assignment is consistent with other work performed for the company. The good work done by committees in this "doing" field, some companies point out, is not because of their aptitude for "doing" so much as in spite of it. The principal justification for selecting a committee "to do," as for example when a committee is used as a board of arbitration, occurs when the need for greater impartiality or objectivity is paramount.

Inspecting

Committees are considered fairly well adapted to assignments having to do with inspection—again provided speed is not of primary importance. A group is theoretically capable of greater objectivity than an individual, and presumably it is able to "see" more than an individual. Its scope of vision is broader. Committees are best adapted to this activity when the inspection requires a diversity of skills and aptitudes. But their effectiveness most likely will be greater when used as advisors to individuals who exercise ultimate authority.

Committees enjoy one special advantage over individuals when used for this inspection function: if there is any stigma connected with the assignment, this stigma tends to be applied in a less personal way to the committee investigator or reviewer than to the individual.

Coordinating

There is an obligation inherent in each individual position, even without the existence of committee to coordinate. The appointment of a "coordinating committee neither relieves nor increases the *indivic ual's* obligation to coordinate. The workings of coordinating committee may appear to result in mo effective collective action. But what really achiev or fails to achieve the coordination are the resultin actions of each committee member in carrying out th various responsibilities he has been assigned as an in dividual. The reason coordinating committees a often created is merely to increase the awareness the obligation in some individuals, or to improve th opportunities for self-coordination, or to ensure th all interested parties participate or are represented.

One problem encountered here is that formalizin the coordinative obligation by establishing commi tees for every possible combination of interests woul be absolutely impractical. Then, too, formalizing c ordination in some areas by setting up committe may deemphasize the coordination among other con binations.

EVALUATION OF COMMITTEES

Against this general background of the advantag and disadvantages of committees, and their strengt and weaknesses in carrying out certain types of a tivity, how can the effectiveness of a specific con mittee be evaluated?

In practice, a committee study is a complex on The reasons for having or not having a committee a reasonably specific and germane to the situatio General theories or concepts about committees ser only as a guide.

Actually, when approached analytically, a give committee may be found to be neither all good nor a bad. It is possible to reallocate committee functio to other organization units, while retaining the con mittee to perform still other functions. In other case it is possible to dissolve a committee without alloca ing its functions and responsibilities elsewhere becau the needs of the organization have changed. In son studies, clarification of responsibility and authority all that is needed to make a stumbling committ effective. There is no pat answer to be looked for.

Key Questions

There is, however, one general line of questionir that has proved effective in obtaining facts and opi ions about any actual or prospective committee. The types of questions bring out the basic informatic necessary:

> *1. What are the purposes or objectives of th committee? Are they valid today? If valid, are the any collateral or auxiliary purposes the committ can serve?*

It can be stated without qualification that defining the purposes of any committee is probably the most difficult, and yet the most essential, step involved in a study.

2. What responsibility and authority must the committee have to fulfill its mission? Are there others which the committee should have, which are not absolutely essential but are consistent with the committee's purposes?

Since committees by definition are expected to act collectively in one body, both responsibilities and authorities can be delineated in the same manner as for an individual.

3. Should the committee be combined with other committees, dissolved, or otherwise modified?

Answering this question involves taking the information gathered in the course of answering questions 1 and 2, and evaluating it to determine exactly what arrangements are justified. Incidentally, committees are not justified on the bases of collateral objectives or secondary responsibilities. Training or development cannot be a primary objective; and this is why junior boards that have been given no basic objective to serve other than "training" often fail.

4. If dissolved, or modified, what alternate or supplementary organizational provision should be made to achieve the desired goals of the company?

This step is aimed at making certain that no gap is left in the company's organizational structure and administrative framework by the elimination of an existing committee, or that any new or retained committee is properly tied in with other elements of the organization.

5. If retained, what representation should be provided? To whom should the committee report? What shall be the committee's operating procedure?

A constant reminder is that this step cannot precede the other four.

Committee Purpose

Defining the purpose is basic to everything else in setting up or appraising a committee. If the purpose of the committee is not clear, or has not been thought through by those creating it, no member of the committee can understand what is expected, and the group cannot function effectively. The continuing need for the committee as well as its effectiveness can only be appraised in terms of the purpose. It may not be necessary to include the purpose in a written charter for the committee, although this is considered desirable by some companies that fear the purpose may become obscured in the mists of time and the confusions of turnover. But at very least, companies with good experience emphasize that a clear statement of purpose should be formulated and communicated to the committee and those who deal with it.

It may be helpful, in this connection, to distinguish between committee purpose and committee function. The function is generally a summary of the assignment which the committee is to perform. In describing the purpose, however, it is important to answer the question: *why is this assignment being given to a committee rather than to an individual or regular organizational unit?* Failure to clearly reveal the answer to this question in the statement of purpose raises immediate doubts as to the need for the committee. For instance, almost any coordinating committee might have one or more of these purposes:

- To provide a medium whereby the several interests involved may be simultaneously considered in the discussion of common problems, resulting in increased team effort in their solution.
- To permit the establishment of clearly defined consultative responsibilities by formalizing the channels through which self-coordination (horizontal coordination) will be achieved.
- To conserve top-level executive time by providing an agency to accumulate facts from various sources and evaluate alternatives, permitting coordination of details of proposals at the lowest practical level.

All three of these might be considered statements of purpose, although, the third statement may not appear to do as good a job of answering the question of "*why a committee?*" as do the first two. However, knowledge of the circumstances of each case and the subject matter is necessary to judge whether a committee is likely to be better than an individual for the purpose stated.

Committee Responsibility and Authority

The problem of defining a committee's responsibility and authority, or in other words, of defining the committee's assignment or function, is no different from defining responsibility and authority for an individual. Much has been written about individual position specifications or management position guides. If a committee is looked upon as a many-headed individual, but nevertheless an individual in the organizational sense, all that has been published on this subject can be applied to committees. The responsibilities and commensurate authorities can be listed and worded just as those for an individual. A summary statement of over-all function can be included in a committee specification, just as in an individual's specification.

Generally, committees having "planning" and "inspecting" assignments have authority to secure necessary facts, and then to make recommendations. They rarely have authority to act on plans, corrective measures or conclusions they come up with, but they may have channels to appeal rejected recommendations.

Committees involved in "doing" activities often do

(Continued on page 362)

The Ford-UAW Agreement

An analysis of the new Ford-UAW contract gives details on the wage package, pensions, and the important changes in the SUB plan and severance pay

AGAIN, as in 1955, the Ford Motor Company agreement with the United Auto Workers created the basic pattern for settlements in the automotive industry.[1]

While the UAW's very early demands for a shorter workweek and profit sharing were shelved, the new three-year agreement did produce several significant innovations at Ford. For the first time, jury duty pay was adopted—$5 per day for up to fourteen days in any one year. Possibly more important in terms of impact is the granting of separation pay and extension of the existing SUB plan to cover short workweeks. By and large, these and other modifications of the SUB plan bring it closer to the benefit structures provided in SUB plans negotiated since 1955 by the UAW and the Steelworkers.

All the modifications of SUB provided in the new agreement will be paid for without changing the existing 5 cents per hour company payments required to fund the plan. What's more, the maximum funding required under the plan for the coming year is 40% less than in previous years.

Aside from these major changes, the rest of the economic package amounted to an extension—with some liberalization—of the existing structure of pay and insurance and pension benefits. In some cases, the liberalization was a matter of catching up with pay items that the UAW had gained in 1955 negotiations with General Motors.

THE WAGE PACKAGE

The provisions of the previous contract's escalator clause and annual improvement factor remain virtually unchanged. The cost of living formula had been 1 cent for each 0.5 point change in the BLS index —and this is continued. So is the annual improvement increase of 2.5% with a 6 cents per hour minimum.

Had the old contract been extended on May 29, 1958, all employees would have gotten a 2 cents cost of living increase, plus the 2.5% annual increase on June 1. As of September 1, they would have gotten an additional 1 cent cost of living increase.

With the renegotiations, the cost of living allowanc and annual increase that employees would have gotte on June 1 are made retroactive only to July 1. Th September cost of living increase of 1 cent is mad effective as of that date. And where in the past th annual improvement factor went into effect on June of each year, under the new agreement the effectiv dates are changed to August 1, 1959 and September 1960.

The only other change in this part of the contrac transfers a portion of the cost of living allowance t the base rates. With the adjustment due on Septem ber 1, the total cost of living allowance would hav been 25 cents. Instead, 15 cents of the amount is pu into base rates. This reduces to 10 cents the curren cost of living "float" (that portion which could be los if the CPI dropped drastically). Once before in UAV auto negotiations, a similar change was made. In th 1953 negotiations, when the cost of living allowanc was 24 cents, the parties agreed to put all but 5 cent of this into the base rate. The revised schedule o adjustments is shown in Table 1.

Not counting cost of living allowances that may b gained or lost, this portion of the economic packag guarantees all employees an increase of at least 1 cents per hour for the three-year period.

Other Wage Changes

As in the 1955 agreement, certain skilled classifica tions receive an additional 8 cents per hour, effectiv September 1. The increase will be given to all skille classifications in the tool and die, maintenance, cor struction and power house groups. Also, apprentice will again get an additional increase of a lesser amoun

The third-shift premium has been upped to 10% ir stead of the previous 7.5%. For Ford, this is the firs change in the third-shift premium since 1943. It ha maintained the 7.5% premium in 1955 although GN went to 10% that year.[1]

Premium pay for Saturday work as such is also ir creased to match that granted by GM in 1955. Fror now on at Ford, time and one-half will be paid for a hours worked on Saturday as such rather than jus for hours beyond forty.

PENSIONS

Aside from increasing retirement benefits all alon

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[1] The Ford settlement came on September 20. Chrysler followed on October 1 and General Motors on October 2 with settlements that matched Ford's on all major economic issues. At GM, provision was made to take care of wage differentials in various plants and to provide a full eight hours' pay to third-shift workers who formerly received only seven and a half hours' pay.

[1] At Ford, this is called the midnight shift.

the line, the Ford pension agreement is characterized by two changes: the introduction of a differential benefit for past service and future service and the introduction of a special early retirement benefit similar to that in the 1955 GM contract.

For retirement after September 1, the normal monthly retirement benefit has been changed from $2.25 for each year of credited service to a new benefit of $2.40 for each year of service prior to January 1, 1958, plus $2.43 for 1958 service, plus $2.50 for each year of service after 1958. Vested benefits, available at age sixty-five to an employee who, subsequent to September 1, 1958, breaks his seniority at age forty or older with ten or more years of service, also will be based on the new formula. (In computing the vested pension benefit, only service beginning at the end of the calendar year in which the employee reaches age thirty is counted.)

The *regular* early retirement benefit—for employees who choose to leave the company at their own option —also will be computed using the new basic formula. An employee, at age sixty with ten years' credited service, will continue to have a choice of two forms of the early retirement benefit: either an immediate pension, based on the new formula, reduced 5/8% for each month that the employee is under sixty-five; or a deferred pension, based on the new formula without reduction, starting at age sixty-five.

The new agreement also introduces a *special* early retirement benefit—for employees who retire at the option of the company or under mutually satisfactory conditions. They must be at least age sixty with ten years of service to be eligible for the immediate monthly pension of $5 for each year of service after 1958, plus $4.80 for each year of service prior to 1958, plus

Table 1: Schedule of Cost of Living Adjustments under the Ford Contract

BLS Consumer Price Index	Cost of Living Allowance, in Addition to Wage Scale by Job Classification
119.1 or less	None
119.2-119.6	1¢ per hour
119.7-120.1	2¢ per hour
120.2-120.6	3¢ per hour
120.7-121.1	4¢ per hour
121.2-121.6	5¢ per hour
121.7-122.1	6¢ per hour
122.2-122.6	7¢ per hour
122.7-123.1	8¢ per hour
123.2-123.6	9¢ per hour
123.7-124.1	10¢ per hour
124.2-124.6	11¢ per hour
124.7-125.1	12¢ per hour
125.2-125.6	13¢ per hour
125.7-126.1	14¢ per hour
126.2-126.6	15¢ per hour

and so forth with 1 cent adjustment for each 0.5 point change in the index. A decline in the index below *119.2* shall not result in a reduction of classification base rates.

$4.86 for 1958. This would be the monthly pension until age sixty-five or until eligible for OASI benefits, when it would be recomputed according to the new normal pension benefit formula.

Disability pension benefits are computed on the basis of $4.80 per year of service prior to January 1, 1958, plus $4.86 for 1958 service plus $5 for each year of credited service after that date (the prior benefit was $4.50). At sixty-five the benefit is recomputed according to the normal pension formula. However, for any month for which the employee qualifies for a Social Security benefit, the company pension is calculated by the normal benefit formula.

Benefits also were increased for all employees who retired before September 1. Those now receiving monthly checks based on the old normal retirement formula of $2.25 per year of service will receive a benefit based on $2.35 per year of service. Similarly, those now on early retirement will receive a check based on $2.35 per year of service reduced by 5/8% for each month that the employee was under sixty-five rather than $2.25 reduced in this way; those who chose a deferred early retirement benefit of $2.25 per year of service now will receive a check when they reach sixty-five based on $2.35 per year of credited service.

Employees now receiving a company disability pension also get increased benefits. Those not eligible for Social Security benefits will receive $4.70 per year of service rather than $4.50. Those who are receiving Social Security benefits will receive a company check for $2.35 per year of service rather than $2.25.

The deferred vested benefit for those who broke their seniority prior to September 1, 1958 and who are eligible for the benefit will remain at $2.25 per year of credited service.

INSURANCE

The major change in the Ford group insurance plan provides for additional life insurance, accidental death and dismemberment insurance, and weekly accident and sickness benefits for employees in the three higher wage brackets that were added to the former schedule. This shift is illustrated by the 1955 and 1958 schedules shown in Tables 2 and 3. The change in the wage structure shows the addition of 15 cents of the cost of living to the base rates. This was done to reflect the agreement that the 15-cent cost of living frozen into the base rates would not affect insurance amounts.

As a result of the increased life insurance benefits, employees in the three highest wage brackets automatically will be eligible for larger benefits in case of total and permanent disability. Any employee with fifteen years in the life insurance plan and age sixty or more who becomes totally and permanently disabled can receive a benefit of $20 per $1,000 of coverage, in fifty monthly installments. In addition, he is covered for a $500 death benefit.

Ford has made no changes in its life insurance

Table 2: The 1955 Ford Group Insurance Schedule

Basic Hourly Rate	Life Insurance	AD & D	Weekly A & S	Employee Monthly Cost
Up to $1.70	$3,200	$1,600	$38.40	$2.76
$1.70 but less than 1.90..	3,600	1,800	43.20	3.10
$1.90 but less than 2.10..	4,000	2,000	48.00	3.44
$2.10 but less than 2.30..	4,400	2,200	52.80	3.79
$2.30 but less than 2.50..	4,800	2,400	57.60	4.13
$2.50 but less than 2.70..	5,200	2,600	62.40	4.47
$2.70 but less than 2.90..	5,600	2,800	67.20	4.80
$2.90 but less than 3.10..	6,000	3,000	72.00	5.15
$3.10 and over	6,400	3,200	76.80	5.50

Table 3: The 1958 Ford Group Insurance Schedule

Basic Hourly Rate	Life Insurance	AD & D	Weekly A & S	Employee Monthly Cost
Up to but less than $2.25.	$4,000	$2,000	$48.00	$3.44
$2.25 but less than $2.45.	4,400	2,200	52.80	3.79
$2.45 but less than $2.65.	4,800	2,400	57.60	4.13
$2.65 but less than $2.85.	5,200	2,600	62.40	4.47
$2.85 but less than $3.05.	5,600	2,800	67.20	4.80
$3.05 but less than $3.25.	6,000	3,000	72.00	5.15
$3.25 but less than $3.45.	6,400	3,200	76.80	5.50
$3.45 but less than $3.65.	6,800	3,400	81.60	5.85
$3.65 but less than $3.85.	7,200	3,600	86.40	6.20
$3.85 and over	7,600	3,800	91.20	6.55

benefits for retired employees, except to extend these benefits to employees who retire under the special early retirement provision. A retired employee with ten to twenty years of service receives $500 life insurance; with twenty to thirty years, $750; and thirty or more years, $1,000.

The agreement also provides that Ford will make arrangements with local Blue Cross - Blue Shield organizations (or other similar plans) to provide full payment of surgical services for employees whose annual income does not exceed $7,500. The company also is to make the present insured in-hospital medical benefit part of the Blue Cross-Blue Shield coverage. One-half the cost of the hospital and surgical-medical coverage is to be paid by the company.

SUB AND SEVERANCE PAY

As already indicated, however, it is in the SUB provisions that major modifications have occurred. Some of these were merely simplifications of formerly cumbersome accounting or administrative procedures. For example, instead of maintaining two separate funds—a defense fund for employees engaged in defense work and a general fund for all other employees—the new plan merges both these funds into one "fund." There is also a restatement of the method of computing maximum funding. Instead of computing it for each month on the basis of the $55 million maximum funding required for June, 1955, the restatement merely says maximum funding shall be $393 times the number of employees on the payroll plus those on layoff with credit units. (In dollars and cents, this is no different than the previous formula.)

But the most significant change, of course, was the liberalization of the amounts and types of benefits that would be allowed under the SUB plan. Here, too, some of the changes amounted to a catching up with later SUB plans, rather than a forging ahead.

65% Regular Benefits

Under the old plan, employees were entitled to "special" benefits of 65% of take home pay for a maximum of four weeks at the beginning of a layoff; for the remainder of their weeks of eligibility they received "regular" benefits of 60% of take home pay. The maximum company supplement under either the regular or special benefits was $25. Now, as in most post-Ford SUB plans, laid-off employees will get 65% of take home pay for the entire period of eligibility. And the maximum company supplement has been increased to $30.

Under the old plan, the laid-off employee got no company supplement if the benefit he was eligible for was less than $2 or if he had less than one-fourth of a credit unit. Later plans provided for accumulation of these less-than-$2 supplements. Ford's new agreement provides that the employee's last benefit upon exhaustion of credit units will be rounded up to $2 (if it otherwise would have been less because he had insufficient credit units for a full benefit). And now employees can earn one-half a credit unit for any week during which they receive pay, where formerly they had to receive pay for at least thirty-two hours to gain one-half a credit unit.

Thirty-Nine Credit Units

Coupled with this change is an extension in the maximum number of credit units an employee may accumulate. While previously twenty-six credit units was the ceiling, now the employee may accumulate additional credit units so that the total equals the maximum number of weeks of unemployment compensation allowed by the state. The maximum under this new provision is thirty-nine credit units.

For all practical purposes, the immediate effect of this provision will be felt only by Ford employees in Pennsylvania and the few that work in Louisiana. Since Pennsylvania permits thirty weeks of unemployment compensation, employees in Pennsylvania may accumulate a maximum of thirty credit units and thus be eligible for a maximum of thirty weeks of company benefits. In Louisiana, twenty-eight weeks of UC are now permitted so Ford employees there can get twenty-eight credit units, and possibly twenty-eight weeks of benefits. Should either of these states reduce the number of weeks of benefits, the credit units of the employees in those states would be reduced on a matching basis, but not below twenty-six. And, of course, during the three-year period of the contract, should any state increase the number of weeks of benefits, then those employees could begin to accumu-

late more credit units up to the level set by the state—or thirty-nine—whichever is less.

Temporary Emergency Benefits

While raising the possible ceiling to thirty-nine credit units will have little immediate effect, there is a provision to extend the period of benefits on a temporary basis to cover weeks of layoff during the period from September 1, 1958 to April 1, 1959. These "temporary emergency benefits" will be available only to employees in states that have extended the duration of UC beyond twenty-six weeks either on their own or under the federal temporary unemployment compensation act of 1958.

In these states only, employees who have exhausted their regular credit units may receive, as needed, up to thirteen "emergency credit units." These emergency credits would entitle eligible employees to a maximum of thirteen additional weeks of benefits, or less, depending upon the status of the trust fund.

Thus an employee in Michigan, for example, might have been laid off in May, 1958. By November of this year he may have already received twenty-six weeks of UC and twenty-six weeks of company supplements. But because Michigan has extended its unemployment compensation for an additional thirteen weeks under the federal program, the employee may continue to draw state UC. Under these circumstances, he'd also be eligible for further company supplements up to a value of thirteen credit units. This might mean an additional thirteen weeks of benefits, or it might mean less, depending upon the trust fund position.

Short Workweek Benefits

Of even greater possible significance than these changes is the provision that employees who are on a short workweek will also be eligible for company supplements that will bring their total weekly pay to 65% of their normal weekly take home pay. (The $30 ceiling on company payments is also applied here.) Under the old contract, this was not possible because employees who earned enough pay to be declared ineligible for state unemployment compensation were also ineligible for company supplements. Under those circumstances, it was possible for an employee on layoff to receive more take home pay—in the form of state UC and a company supplement—than the employee who might have actually been called in to work a short week. The new provision in effect indicates that an employee will not be discriminated against for working. Ford will make up the difference between his actual total earnings and 65% of his normal weekly take home pay so that he gets as much as the laid-off employee.

This provision is also in keeping with some of the shorter-workweek provisions negotiated in SUB plans by the Steelworkers' union. However, under the steel plans not all of the earnings of employees who work part time with the company or any other employer are deducted from the company benefit. It depends upon the state UC law.[1] In short under the steel plans, the employee who works part time may receive, in some states, greater pay than the man who is on layoff.

Separation Payments

Lump-sum separation payments varying from forty hours' pay to 1,200 hours' pay, depending upon length of service, are also made available under the amended plan. The SUB fund will finance these payments too.

To be eligible for separation pay, an employee must have at least two years of service at the time of layoff and he must have been on layoff for at least one year before he can apply. However, if the company determines that there is no prospect of recalling him, it may permit earlier application for severance pay.

Persons laid off who are eligible for any retirement benefit other than a deferred vested benefit are not eligible for separation pay.

If the necessary qualifications are met and the trust fund position is above 13%, the separated employee is eligible for benefits that vary according to his length of service (see Table 4 for the schedule of benefits).

(Continued on page 364)

[1] Under the steel plan, if the state disregards a portion of earnings in computing the UC benefit, the company disregards the same amount. If, for example, an employee earned $13, but the state deducted only $10 in computing the UC benefit, then $3 is also disregarded by the company.

Table 4: Separation Payment Table Under the Ford SUB Plan

Years of Seniority on Last Day on the Active Employment Roll	Number of Hours' Pay (Base Rate plus Cost of Living Allowance in Effect on Last Day Worked)
2 but less than 3	40
3 but less than 4	60
4 but less than 5	80
5 but less than 6	100
6 but less than 7	125
7 but less than 8	150
8 but less than 9	175
9 but less than 10	200
10 but less than 11	230
11 but less than 12	260
12 but less than 13	290
13 but less than 14	325
14 but less than 15	360
15 but less than 16	400
16 but less than 17	440
17 but less than 18	480
18 but less than 19	525
19 but less than 20	570
20 but less than 21	620
21 but less than 22	670
22 but less than 23	720
23 but less than 24	775
24 but less than 25	830
25 but less than 26	890
26 but less than 27	950
27 but less than 28	1,010
28 but less than 29	1,070
29 but less than 30	1,130
30 and over	1,200

Stock Options for All Employees

The Royal McBee Corporation has found a ready response to its new stock option plan that is open to all employees in the company

BACK IN 1956 Royal McBee Corporation started a stock option plan for executives only. It later decided to extend the incentive of stock ownership to all employees. With that aim in view, a new Employee Stock Option and Savings Plan was launched on January 31 of this year. The company, of course, felt its employees would be interested in the new plan; but it was sure that the 100,000 shares of stock it reserved for option would be more than enough to meet the demand.

What actually happened proved a pleasant surprise: *the shares available for option were oversubscribed by better than 50%*. This, too, did not include the overflow of applications that arrived a day or two after the deadline—and had to be turned down.

Such an enthusiastic response takes on added significance when it is remembered that it came in the midst of a recession. The market's slip was showing noticeably on the 31st of January. The stock being offered for optioning—at its approximate market value of $20 a share—had been selling for $40 a share just a few short months before; and the company had been advised by experts not to expect more than 25% of the stock in the plan to be subscribed.

It would seem, however, that a goodly percentage of the Royal McBee employees had faith in the future of both their company and their country. Out of the 7,000 who met the eligibility requirements,[1] 1,927 of them—about 28%—joined the plan and authorized periodic payroll deductions for the purchase of 155,786 shares.[2] Since this far exceeded the 100,000 shares available under the plan, the company was forced to cut back subscriptions on a prorated basis: each participant received an option for only 64% of the number of shares he had originally subscribed. Thus, if a participant's application authorized pay deductions of $34.30 a month for the purchase of sixty shares, his option was automatically reduced to thirty-eight shares (64% of sixty) and the amount deductible from his monthly pay was cut to $21.80.

[1] There were about 11,000 employees on the payrolls at the time.

[2] The 155,786 shares originally subscribed amounted to 78.2% of the maximum number of shares the 1,927 participants were entitled to option on the basis of their highest earnings in 1956 or 1957. This means, of course, that if all participants had signed up for their full entitlement, the original subscriptions would have just about doubled the 100,000 shares available in the plan (155,786 ÷ .782 = 199,215 shares).

STOCK OPTION PLANS DISTINGUISHED

Royal McBee's two stock option plans—the one for key executives and the one for the rest of the employees—share the same objective: both seek to motivate participants to promote the company's best interests through the incentive of stock ownership. But there the similarity ends. Options granted under executive type plans may normally be exercised at any time within a period ranging up to ten years, and the number of shares permitted on individual grants usually runs into the thousands. These are advantages that offer high-salaried executives a wide opportunity for tax savings through the low capital gains rates on profits from the resale of optioned stock. Such tax savings play no part in stock option plans for non-executive employees. Plans of this type serve a different purpose. They are designed so that *all* levels of employees can acquire company stock.

Take the new plan at Royal McBee, for example. Eligibility was established as follows: All full-time officers and employees of the company and its wholly owned domestic subsidiaries who, on January 31, 1958, (1) had completed two continuous years of service and (2) had not been granted options under the company's incentive stock option plan for key executives could participate. A kit containing instructions, forms and explanatory material on the new plan was sent to all the eligible employees.

These eligible employees were given thirty days—from January 31, 1958 until March 3, 1958—to sign up. Participation was established by authorizing payroll deductions for the purchase of company stock. A total of 100,000 shares (about 6.5% of the outstanding common stock) was set aside, and a portion of this total was allotted under a "restricted" stock option[1] to each participating employee on the basis of his earnings. As already stated, the option price was fixed at $20 a share—the approximate fair market value of the stock on January 31, 1958.

As long as an employee met the eligibility requirements and submitted his application on time, it mattered not whether he was a management man or a rank and file employee—he was in the plan. This was

[1] Profit from the resale of stock acquired under a "restricted" stock option qualifies for preferential tax treatment. For details, see "Stock Options in a Bearish Market," *Management Record*, February, 1958, p. 40.

putting the part ownership concept on a broad scale indeed, and it worked out just that way. Of the 1,927 participants who signed up for the plan, a substantial 80% of them belonged to the rank and file. Here's the breakdown:

Participants	*Status*
542	Hourly personnel
987	Nonhourly and nonmanagement personnel (salaried workers and salesmen)
398	Management personnel

HOW THE NEW PLAN WORKS

Size of Options: Each participant was given an option to subscribe to as many shares of stock as could be purchased, at the option price, by an amount equal to 30% of his gross earnings for 1956 or 1957 (whichever was higher). For example, a participant earning $3,800 in 1956 and $4,000 in 1957 could subscribe to a maximum of sixty shares ($1,200 [30% of $4,000] ÷ $20). If sixty shares were more than he wanted, however, he was free to reduce his option and authorize payroll deductions for any lesser number of shares.

Payroll Deductions: The plan, as mentioned, was started January 31, 1958; it will terminate January 31, 1961. Thus, participants are given thirty-five months (excluding the thirty-day authorization period) to accumulate the purchase price of the optioned shares through periodic payroll deductions. A payroll deduction table (see the next column), included in the kit sent to eligible employees, explains graphically how the deductions are made.

The company deposits these payroll deductions in a separate bank account, and they are credited to the stock option account of the participant. The employees' savings draw interest at the rate of 3% a year. Every six months, the participant receives a statement of the amount credited to his account, with the interest stated separately. Touching the interest ends participation. But a participant can withdraw all or any part of his own contributions any time, and have the number of shares under his option decreased in proportion.

Shares held under option are also decreased proportionately when participants reduce the amount of their payroll deductions. For example, if a weekly paid participant, who had originally signed up for sixty shares, were to authorize the company to cut back the amount of his weekly deductions from $7.90 to $4 after seventy-two deductions had been completed at the higher amount, he would then have $568.80 credited to his account. During the remainder of the thirty-five month deduction period, the cutback would add only $320 to his credit, bringing his total savings to $888.80 exclusive of interest. This would allow him to purchase only forty-four shares of stock, although he would also receive, in cash, the interest that he had accumulated, plus the difference of $8.80.

Exercise of Options: At any time between February 1, 1959 and January 31, 1961, participants in the plan may exercise their right to purchase the shares they hold under option by signing and mailing a form which the company will provide for the purpose. The request may be made for issuance of optioned shares either a few at a time, as sufficient savings become available in the account, or all at once at the end of the thirty-five month deduction period. Another alternative permits participants subscribing to payroll savings through January 31, 1959 to use other savings

Royal McBee Corporation
Employee Stock Option and Savings Plan
Deduction Table[1]

This table shows the payroll deductions necessary to continue in effect options granted under the Employee Stock Option and Savings Plan. The appropriate deduction is listed for any number of shares from 1 to 100. If you wish to participate in the plan, you must complete and sign the Authorization of Payroll Deduction and list the deductions which under the regular method by which you are paid (weekly, semimonthly or monthly) corresponds to the number of shares you wish to continue under option. This amount will be deducted from your pay each pay period. If the amount deducted from your pay over the period of thirty-five months is in excess of the figure listed for your total investment, this balance (including the interest earned on your stock option account) will be returned to you after the termination date of the plan.

Amount of Payroll Deductions

Number of Shares	Total Investment at $20	If paid Weekly, 152 Payments	If Paid Semimonthly, 70 Payments	If Paid Monthly, 35 Payments
1	$ 20	$ 0.20	$ 0.30	$ 0.60
2	40	0.30	0.60	1.20
3	60	0.40	0.90	1.80
4	80	0.60	1.20	2.30
5	100	0.70	1.50	2.90
6	120	0.80	1.80	3.50
7	140	1.00	2.00	4.00
8	160	1.10	2.30	4.60
9	180	1.20	2.60	5.20
10	200	1.40	2.90	5.80
20	400	2.70	5.80	11.50
30	600	4.00	8.60	17.20
40	800	5.30	11.50	22.90
50	1,000	6.60	14.30	28.60
60	1,200	7.90	17.20	34.30
70	1,400	9.30	20.00	40.00
80	1,600	10.60	22.90	45.80
90	1,800	11.90	25.80	51.50
100	2,000	13.20	28.60	57.20

[1] This is an abbreviated version of the deduction table; the actual table lists the appropriate weekly, semimonthly and monthly deduction for *any* number of shares from 1 to 100. Incidentally, of the 1,927 employees who originally subscribed to the plan, 1,042 were paid weekly, 481 were paid semimonthly, and 404 were paid monthly.

after that date for the purpose of immediately purchasing all shares under their option.

EXPERIENCE SINCE THE PLAN BEGAN

Several months have now elapsed since the 1,927 employees at Royal McBee authorized periodic payroll deductions for the purchase of stock. During those months the participants remained free to reduce the amount of their deduction, or to drop out of the plan entirely and get a refund of their accumulated savings (with interest). How many have done so?

As of July 1, fifteen of the original 1,927 subscribers had terminated their employment at Royal McBee; another twenty-one had discontinued the deductions and dropped out of the plan. This adds up to a total of only thirty-six cancellations—less than 2% of the 1,927 employees who started. The score on cutbacks has been even more surprising to the company: so far not a single participant has instructed the company to reduce the amount of his payroll deductions.

This experience has occurred despite the fact that the market value of the stock under option began sliding shortly after the plan got under way. Until August (when it finally managed to climb back to the option price of $20 a share), it stayed consistently below the starting price—falling, at one point, as low as $16 a share.

WHY THE PLAN IS DOING WELL

The Royal McBee plan, as already indicated, was launched at a time when the condition of the market and of business generally seemed to doom its chances of success. Yet, it far surpassed expectations at the start and has been doing surprisingly well ever since.

Why? After discussion with company officials, the following reasons are suggested:

1. The Royal McBee Corporation—with offices, factories and sales agencies throughout North America and Europe—manufactures, leases, sells and services typewriters, electronic computers, data processing machines, and supplies. It is attempting to bring office automation within the means of average-sized firms; and as automation continues to spread, it is convinced its future is secure. Judging by the employees' response to the plan it would seem that they share the company's conviction.

2. The company's promotion of the plan was sound. Top management gave its wholehearted support. Employees were given an equal chance to participate. The details of the plan's operation and of the risks involved were spelled out in understandable language. And it was made clear to all who were eligible that their decision to either join or not join the plan would not in any way affect their status with the company. This kind of adult, cards-on-the-table approach gave due recognition to the intelligence of the employees and, in doing so, set a favorable stage for the successful launching of the plan.

3. In recent years, there has been a steady growt in the number of employees who have reached th realization that their personal financial welfare de pends to a decisive degree on the continuing progres of the firm for which they work. This joint-ventur attitude explains the rising popularity of various in centive and profit-sharing plans. It may also be usher ing in a new interest in stock option plans for the ran and file. Another company that started a plan simila to Royal McBee's in the latter months of 1957 report to The Conference Board that 1,013 of the 2,73 employees who were eligible—37%—subscribed an that, since then, only about 5% have cancelled out while considerably less than 1% have reduced thei payroll deductions. Of the original participants in thi plan, 616 were hourly employees and 397 were salarie employees and salesmen.

THE PLAN'S FUTURE

The final test of the Royal McBee plan lies ahead Its defined purpose is "to furnish eligible employee a further inducement to continue their employmen with the company, to encourage them to obtain greater stake in the company's success and thus t give an additional incentive for them to promote it best interests."

As yet, however, the Royal McBee plan is nothin more than a forced savings plan. Money for the pur chase of company stock is being saved through regula payroll deductions. But there is no *obligation* to us the savings to buy the stock—now or at any time i the future. Even participants who continue the deduc tions to the end of the plan can take their saving with the interest they have accumulated, and put the to other uses.

January 31, 1959 could bring some inkling as to ho the plan can be expected to fare as a stock ownershi plan. That's the date the participants get their firs chance to exercise their option rights. The compan will be interested in seeing how many of them eithe use other savings to purchase all shares they hol under option, or request the company to start issuin shares to them piecemeal as sufficient savings becom available in their accounts. The ultimate outcome o the plan will not unfold until it is finally known— after the termination on January 31, 1961—how man of the 100,000 shares in the plan are actually pur chased by the participants.

In the meantime, the company is satisfied wit what's happened so far; and it feels it has good reaso for looking forward optimistically to what lies ahea This is borne out not only by the plan's oversubscrip tion at the start but also by the few drop-outs and th complete absence of reductions in the amount of pay roll deductions as the plan progresses.

J. Roger O'Meara
Division of Personnel Administratio

The Federal Welfare Fund Disclosure Law

The welfare fund law passed in the last session of Congress is carefully scrutinized. The President's comment appears in the accompanying box

THE FIRST federal law dealing with the operation of employee welfare and pension plans, reluctantly approved by President Eisenhower (see box), goes into effect January 1. By contrast with state laws, the federal law is quite simple. It only requires the administrator of each covered plan to prepare two reports: a description of the plan and an annual report. Copies of the plan description and the latest annual report must be made available for examination by any participant or beneficiary of the plan in the principal office of the plan. And, upon written request, copies of both reports must be mailed to a beneficiary or participant.[1] In addition, two copies of the plan description and of each annual report are to be filed with the Secretary of Labor who must make them available for examination in the public documents room of the department.

Except for providing the forms necessary for the two reports, this is the only administrative function assigned to the Secretary of Labor. In this respect, the law differs significantly from the original bill passed by the Senate and from similar laws now on the books of six states.[2] The Douglas-Kennedy-Ives bill gave the Secretary of Labor authority to make investigations of covered plans. All of the state laws give the state supervisory authorities the specific right to examine any covered fund at first hand to check on the accuracy and honesty of fund reports. More important, the state laws specifically prohibit many types of welfare fund transactions which were denounced time and again in government investigations.[3] In contrast, the new federal law does not spell out any improper transactions and procedures but makes policing any abuses in the operation of the funds the exclusive responsibility of employees covered by the funds. The law merely attempts to make sure that the details of the plan are made available to the interested parties.

Any person who violates the requirement for preparing and distributing the annual reports and plan description is subject to a fine of up to $1,000 or imprisonment of up to six months. In addition, any administrator who fails or refuses to send the two documents to a plan participant, within thirty days after he is requested to do so, at the court's discretion, is liable to the person making the request for the amount of $50 per day from the date of the failure or refusal. And the court can require the administrator to pay court costs and attorney fees in any such action.

[1]A participant is any employee (or a member of a union) who is, or may become, eligible to receive benefits from a plan. A beneficiary is anyone designated by a participant (or the terms of the plan) who is, or may become, entitled to a benefit.

[2]See "State Welfare Fund Laws," *Management Record*, July-August, 1958, p. 246.

[3]Washington State does not list prohibited transactions. However, along with New York, Massachusetts, and Wisconsin, it makes trustees responsible for maintaining full and accurate records by accepted accounting procedures.

COVERAGE OF THE LAW

The federal law requires reports from any employee welfare or pension benefit plan established or maintained by employers (or employee organizations of employers) engaged in interstate commerce—if the plan covers more than twenty-five employees.[1]. A welfare plan is any plan, fund or program which provides (through the purchase of insurance or otherwise) medical, hospital or surgical benefits or benefits in the event of sickness, accident, disability, death or unemployment. A pension benefit plan is one which provides retirement benefits, through insurance or otherwise; specifically included in pension benefit plans are profit-sharing plans which provide benefits at or after retirement.[2]

This is identical to the coverage of the Douglas-Kennedy-Ives bill except that the original Senate bill excluded plans covering less than 100 employees rather than less than twenty-six employees. The new federal law is also much broader in its coverage than any of the existing state laws. None of the state laws covers any plan which does not involve a trust fund, thus excluding practically all single-employer, insured plans —whether insured pensions or group insurance for other welfare purposes. Furthermore, only Wisconsin and Massachusetts cover all types of trust funds; the other four states exclude important groups of trust funds. Washington, Connecticut and California exclude any trust fund for which a bank is a trustee; and the latter two states limit coverage further to plans estab-

[1]Excluded are plans administered by a governmental unit; plans maintained solely to comply with workmen's compensation and unemployment compensation disability insurance laws; and plans administered by charitable, religious, educational and other nonprofit organizations.

[2]A plan is covered only if it is communicated to, or its benefits described in writing to, employees.

lished by collective bargaining. New York covers only plans which are jointly administered by employers and unions.[1]

THE PLAN DESCRIPTION

The description of a benefit plan required by the law must be ready by March 31 (that is, within ninety days of the January 1 effective date of the law). And if amendments are added from time to time, the description must be revised to reflect them. The description must include the following information:

- Name, address and position of the plan administrators; their relationship to the employer or union, and any other employment held by them.[2]
- Name, address and title of trustees.
- Name, address and description of the plan.
- Type of administration of the plan and the schedule of benefits.
- Source of financing the plan and the identity of any organization through which benefits are provided.
- Statement of whether records are kept on a calendar year, policy year or fiscal year basis (and the date of the end of the policy or fiscal year).
- Procedures to be followed in presenting claims and the remedies available for redress of claims which are denied in whole or part.
- Copies of instruments under which the plan is established or maintained (for example, insurance contracts, bargaining agreements, trust agreements).

ANNUAL REPORTS

The annual report must be published by the administrator within 120 days of the end of each calendar year (or policy or fiscal year, if that is the basis of record keeping).

If an employee welfare or pension benefit plan is unfunded, the annual report must include only the total benefits paid and the average number of employees eligible for participation during the past five years (broken down by years). In the case of an unfunded pension plan, the report must show the total benefits paid to retired employees for the past five years (broken down by years).

In either case, the report is to include a statement (if applicable) that the only assets from which claims

[1] For more detail, see "State Welfare Fund Laws" op. cit. p. 246.

[2] An administrator is the person(s) designated by the plan or bargaining agreement with the responsibility for "the ultimate control, disposition or management of the money received by the plan." If no such person is designated, then the one actually responsible is the administrator even though the control of funds is exercised through an agent or trustee designated by the person.

Statement by the President

I have approved S. 2888, the Welfare and Pension Plans Disclosure Act, because it establishes a precedent of federal responsibility in this area. It does little else.

This bill deals with only a narrow segment of the total labor-management program. And even in this narrow segment, it fails to provide necessary protection for the 85 million working men and women whose interest in welfare and pension plans amounts to more than $30 billion. The Congress has failed to respond effectively to the pleas for action in this field, and I am sure that the public is as disappointed with it as I am. Here are just some of the bill's shortcomings:

1. It requires only summary statements of many important aspects of the financial operations of these plans, making it possible to conceal many abuses.

2. There is no agency of government authorized to provide uniform interpretation of the bill's technical terms. The chaos that will result is obvious.

The failure to designate an agency which plan administrators can consult for reliable and authentic opinions, and for meaningful and uniform report forms, enables corrupt administrators to hide abuses, blocks beneficiaries from receiving adequate information, and subjects administrators to uncertainties in compliance.

3. The bill's reliance solely upon individual employees to compel compliance through court proceedings is most unrealistic.

Experience has shown that employee suits alone are inadequate as enforcement remedies. Unaided by governmental authority to conduct investigations and institute litigation, individual employees, without financial resources or legal experience, can be easily intimidated, made subject to reprisals and discouraged from taking effective action.

4. The bill fails to give the Secretary of Labor either investigatory or enforcement powers with respect to reports filed with him. Thus, he is for all practical purposes powerless to uncover abuses.

5. There is no provision for dealing directly with the most flagrant abuses, such as embezzlement and kickbacks, once they are uncovered. Yet this is certainly the kind of protection that the beneficiaries and the public have a right to expect from this legislation.

Not only did the Congress fail to appropriate any monies to administer the custodial and other functions of the Secretary under the bill, but the annual financial reports will not have to be furnished until as late as May, 1960 if the plans are on a calendar-year basis, or for a period of 120 days after the completion of the fiscal year if they operate on a fiscal-year basis.

If the bill is to be at all effective, it will require extensive amendment at the next session of the Congress.

Dwight D. Eisenhower

The White House
August 28, 1958.

against the plan may be paid are the general assets of the employer.

All other plans—the funded ones—must include the following information in the annual report:

- The number of employees covered by the plan.
- The amount of money contributed by the employer (s) and the amount contributed by employees.
- The amount of benefits paid.
- A summary statement of assets, liabilities, receipts and disbursements.
- A detailed statement of salaries, fees, and commissions charged to the plan—to whom paid, in what amounts, and for what purposes.

The above information must be sworn to by the administrator, or certified by an independent certified or licensed public accountant, based on a comprehensive audit conducted in accordance with accepted standards of auditing.

In addition to the above information, other kinds of data are required in the annual report—depending on the type of benefits provided and the type of funding arrangement used. This additional information called for is outlined below.

Insured (or Service) Welfare Benefit Plans[1]

If some or all of the benefits under a plan are provided by an insurance carrier or service organization (such as Blue Cross and Blue Shield), the annual report must include the following information:

- The premium rate (or subscription charge) and the total premium (or subscription charge) paid to each carrier (or service organization).
- The approximate number of people covered by each class of benefits (such as hospital, life, and disability benefits) provided by each carrier.

If the insurance carrier (or service organization) maintains separate experience records covering the specific groups it serves, the report also must include the following for each class of benefits:

- The total amount of premiums received and the total claims paid by the carrier and the approximate number of persons covered.
- Dividends or retroactive rate adjustments, commissions, administrator service fees or other specific acquisition costs paid by the carrier.
- Amounts held to provide benefits after retirement.
- Remainder held of such premiums.
- Names and addresses of brokers, agents or other persons to whom commissions or fees were paid—the amount paid to each and for what purpose.

If the service organization (or insurance carrier) does not maintain separate experience records covering the specific groups it serves, the report must show:

- The basis for its subscription charge (or premium rate).
- The total amount of premiums or subscription charges received from the plan.
- A copy of the financial report of the service organization or carrier.
- A detailed statement of any specific costs incurred by the carrier in connection with the acquisition or retention of a particular plan.

Insured Pension Benefit Plans

If a pension plan is funded through the medium of a contract with an insurance carrier, the annual report must include the following—as well as the applicable information called for above:

- The number of employees, both retired and nonretired, covered by the contract.
- The type and basis of funding and the actuarial assumptions used in determining payments under the contract.

If the pension benefits are not completely guaranteed by the carrier (e.g. a deposit administration contract), the report also must show the amount of current and past service liability and the amount of all reserves accumulated under the plan.

Trustee Pension Benefit Plans

If a pension benefit plan (including a deferred profit-sharing plan) is funded through the medium of a trust, the annual report must show the following:

- The number of employees, both retired and nonretired, covered by the plan.
- The type and basis of funding, actuarial assumptions used, and the amount of current and past service liabilities.
- A summary statement showing the assets of the fund, broken down by types of assets.
- A detailed list of all investments in the securities or properties of the employer or union or any other party in interest by reason of being an officer, trustee or employer of the fund. The cost, present value, and percentage of the fund in these investments must be shown. However, the identity of all securities need not be revealed if (1) the securities are listed on an exchange regulated by SEC or are securities of a company registered under the Investment Company Act of 1940 or the Public Utility Holding Company Act of 1935 and (2) if the statement of assets shows total investments in common and preferred stock, debentures and bonds listed at their aggregate cost or present value, whichever is lower. Also, if the above conditions are met, brokerage fees and commissions incidental to the purchase or sale of the securities need not be revealed.
- A detailed list of all loans made to the employer, union or other party in interest by reason of being an officer, trustee or employee of the fund. The name and address of the borrower and the terms and conditions of the loan must be shown.

HARLAND FOX
Division of Personnel Administration

[1]It is not uncommon, especially among multi-employer welfare benefit funds, for the fund to have reserve or extra funds on hand after or before making premium payments. Details about the manner in which these funds are held or invested are reported under the relevant provisions for pension plans funded through a trust.

Salesmen's Automobile Allowances

This annual survey looks at company practices regarding allowances paid salesmen who drive their own cars. The United States and Canada are covered

THE AUTOMOBILE ALLOWANCE is considered a cost of doing business by the company. At the same time, the automobile expense check is a source of revenue for the salesman. Administration of auto allowances is concerned with balancing these two points of view. The company must control the costs of its salesmen's transportation without seriously endangering morale.

The traditional approach is to pay a set rate for each mile of auto travel on company business. The beauty of this method is its simplicity and low administrative cost. It is fair in principle because each salesman is paid a sum directly related to the use the company makes of his car. This fairness, however, depends upon how close the individual's mileage is to the distance traveled by the average salesman. This is so because a single rate based upon a concept of average cost per mile tends to underpay the low-mileage man while the high-mileage man reaps a bonus.

Therefore, when individual mileage varies greatly within a sales force, companies may find it desirable to switch to a plan more sensitive to the individual's mileage. Such a device is the graduated mileage allowance. This method provides for an initial rate per mile to be paid up to a specified number of miles during a prescribed period of time, with lower rates for succeeding mileage. The number of graduations is tailored to the company's specific needs.

Another approach—and one that affords administrative simplicity—is to pay a fixed sum weekly, monthly or annually. This method avoids the necessity of computing allowances individually every week or month. A standard rate, once established, is simply paid periodically. It may be based upon the cost incurred by the average salesman, or the company may set a different allowance for each man. But once established, the allowance involves no administrative work beyond preparation of the periodic check. Use of this method, of course, presumes reasonable stability of the salesmen's travel habits. Lack of clearly defined territories or rapidly shifting markets might limit the usefulness of this plan.

Another approach separates fixed costs—depreciation, license fees, insurance—from expenses that are directly related to distance traveled, such as gasoline, oil, and lubrication. The resulting allowance combines a fixed periodic payment with a flat mileage rate

The Runzheimer plan[1] pays this type of allowance But a third component, a depreciation adjustment, i included. This is an allowance for each 1,000 mile driven in excess of 18,000 in a year.[2] The purpose i to permit the high mileage driver to trade in his ca after 45,000 miles. The man driving less than 18,00 miles is expected to trade in his car only at the end o two and one-half years.

Automobile allowance practices were reported t THE CONFERENCE BOARD by 292 manufacturers surveyed in the United States and Canada. Analyses o these practices are summarized separately for eac country.

IN THE UNITED STATES

The flat mileage rate is used by more of the 21 United States companies that pay basic allowances[3] than is any other allowance. One hundred and five o nearly half use this method, while every other plan i used by less than 20%.

However, the popularity of the flat rate does var from industry to industry. This method is used b 59% of durable goods manufacturers, while only 36% of nondurable goods producers use it. The Runzheime plan is found among 18% of the nondurables companies, but it is used in only 7% of the durables Twenty per cent of the soft goods manufacturers us graduated mileage allowances; the figure is 15% fo durables makers.

Nine of the eleven producers of transportatio equipment in the survey use flat rates. Only two o the seventeen food processors pay flat rates, whil eleven use either their own combination of a fixe allowance with a flat mileage rate or the Runzheime plan.

Details may be seen in Table 1.

Flat Mileage Rates

Among companies paying flat mileage rates, 8 cent a mile is the most common allowance. Fifty of the 10

[1] Set up by Runzheimer and Company of Chicago, Illinois.

[2] The 18,000 mile figure applies to Ford-Chevrolet-Plymouth pric class cars. For cars above this low-price class, the depreciation adjustment allowance applies to mileage over 20,000.

[3] Total companies reporting in the United States survey is 223 Of these, 212 report paying basic allowances. Eleven either do no pay an allowance or did not reply to the question.

Table 1: Basic Allowance Plans in 212 Manufacturing Companies in the United States

Industry	Number of Companies*	Flat Mileage Rates	Graduated Mileage Rates	Combination Fixed Allowance & Flat Mileage Rates	Runzheimer Plan	Fixed Periodic Allowances	Other
Durable goods							
Stone, clay & glass	19	8	2	5	3	1	1
Primary metals	13	8	2	2	1	—	—
Machinery	40	20	11	5	2	4	1
Electrical machinery	22	14	2	1	2	3	—
Transportation equipment	11	9	1	—	—	1	—
Other durables	19	14	—	4	1	2	2
Total	124	73	18	17	9	11	4
Per cent of companies	100	59	15	14	7	9	3
Nondurable goods							
Food	17	2	3	5	6	3	1
Chemicals	24	9	5	5	3	1	1
Petroleum	11	2	4	1	—	4	1
Paper	12	5	2	1	3	1	—
Other nondurables	23	13	3	1	4	2	—
Total	87	31	17	13	16	11	3
Per cent of companies	100	36	20	15	18	13	3
Grand total	212**	105**	35	30	25	22	7
Per cent of companies	100	50	17	14	12	10	3

*Totals across may exceed the number of companies since twelve companies use more than one plan.
**Includes one company which is not classified.

rates reported are 8 cents. Another thirty-six companies report 7 cents. The complete tabulation of flat mileage rates follows:

Rate	Number of Companies
5. cents	1
5.7	1
6.	3
7.	36
7.5	3
8.	50
8.1	1
8.5	1
9.	2
10.	3
10.5	1
Total	102*

* Does not include three companies that report using this type of allowance, but do not report rates.

Graduated Mileage Allowances

Formulas are reported by all but two of the thirty-five companies using graduated mileage allowances. Nineteen use plans made up of two rates. Twelve use formulas composed of three rates, and two companies use four-rate formulas.

Initial rates range from 6 cents to 12.5 cents a mile, the most common being 8 cents (thirteen formulas begin at this figure).

Most plans pay rates for monthly or yearly mileage. Thirteen companies use monthly rate periods, and an equal number use yearly periods, while seven others pay by the week.

Details of the nineteen companies' two-rate plans are given in Table 2. Table 3 shows three-rate plans used by twelve companies.

Table 2: Two-Rate Plans in Effect in Nineteen Companies

First Rate: ¢ per Mi.	First Rate: For Mileage Up To:	Time Period	Second Rate for Additional Mileage ¢ per Mi.
12.	50	wk.	6.
10.	10,000	yr.	4.
9.2	600	mo.	3.8
8.5	1,000	yr.	4.
8.5	15,000	mo.	6. west
8.	15,000	mo.	5.5 east
8.	300	wk.	7.
8.	10,000	yr.	7.
8.	10,000	yr.	7.
8.	200	wk.	7.
8.	300	wk.	6.
8.	1,000	mo.	6.
8.	20,000	yr.	5.
8.	10,000	yr.	5.
8.	10,000	yr.	4.
7.5	1,000	mo.	7.
7.5	200	wk.	6.5
7.	1,000	mo.	6.
7.	1,200	mo.	5.
6.	300	wk.	4.

The four-rate plans that are reported by two companies pay:

- 10 cents, 9 cents and 8 cents a mile for each 3,000 miles per year, and 7 cents for each mile over 9,000.
- 10 cents for the first 699 miles a month, 8 cents for for the next 300 miles, 7.5 cents for the next 500 miles, 7 cents thereafter.

To facilitate analysis, The Conference Board computed the over-all payments that would be made to salesmen traveling under each of the graduated plans. For purposes of comparison, three mileage levels were used—15,000, 30,000, and 60,000; and it was assumed

Table 3: Three-Rate Plans in Effect in Twelve Companies

First Rate			Second Rate		Third Rate
¢ per Mi.	For Mileage Up To:	Time Period	¢ per Mi.	For Additional Mileage of:	For Additional Mileage, ¢ per Mi.
12.5	5,000	yr.	7.	5,000	5.
12.	500	mo.	8.	1,000	4.
12.	500	mo.	6.	1,500	4.
10.	10,000	yr.	8.	10,000	6.
10.	500	mo.	8.	500	6.
9.	10,000	yr.	7.	5,000	5.
8.5	500	mo.	7.5	500	6.5
8.5	400	wk.	7.	100	6.
8.	10,000	yr.	7.5	5,000	7.
8.	10,000	yr.	7.5	10,000	6.
8.	1,000	mo.	7.	1,000	6.
8.	1,000	mo.	6.	500	4.

that miles traveled were evenly distributed throughout the year.[1]

As shown in Table 4, there is a wide spread in total payments. For the 15,000 mile traveler there is about a 60% spread; for the 30,000 mile man, the spread is over 70%; and at 60,000 miles, the spread is over 85%. However, for the middle seventeen companies at each level the spread is 15% to 27%.

Combination Plans: Fixed Periodic Allowance with Flat Mileage Rate

The typical combination plan reported in the survey provides for a fixed allowance to be paid monthly. Nineteen of the thirty companies with combination plans use this period, while another company uses a four-week period. Allowances ranging from $36 to $65 a month are paid by seventeen of the companies. One pays $85, but in this plan the four-cent mileage allowance applies only to mileage "outside of the man's normal city driving." Another pays $125 and 5 cents a mile, but the formula applies only to men driving over 1,500 miles a month. The six weekly allowances reported range from $10 to $20. Two companies use a daily allowance and two pay on a yearly allowance basis.

Mileage rates range from 2 to 7 cents, but are concentrated around 3.5 and 4 cents (ten and six companies respectively).

Details of the thirty combination formulas are given in Table 5.

Runzheimer Plan

The Runzheimer plan, used by twenty-five companies, provides for individualized rates. Allowances are determined for the specific area in which a sales-

[1] Comparison with situations in which extreme seasonal influences are present is invalid. For example, one formula provides for payment of 8 cents a mile for the first 1,000 miles a month, 7 cents for the next 1,000 and 6 cents for mileage over 2,000. In this form, the formula would pay $1,050 to a man driving 3,000 miles a month during five months of the year but "off the road" for the other seven. Under the annual version, the formula would yield $1,170.

Table 4: Distribution of Graduated Mileage Plans by Computed Annual Cost

Computed Annual Cost	Number of Companies			
	All Plans	Two Rates	Three Rates	Four Rates
15,000 miles in a year				
$ 900- 999	2	2		
1,000-1,099	6	6		
1,100-1,199	11	6	5	
1,200-1,299	9	4	5	
1,300-1,399	2			2
1,400-1,499	3	1	2	
30,000 miles in a year				
$1,500-1,699	3	3		
1,700-1,899	4	3	1	
1,900-2,099	7	4	3	
2,100-2,299	15	8	6	1
2,300-2,499	3		2	1
2,600	1	1		
60,000 miles in a year				
$2,500-2,999	4	4		
3,000-3,444	6	2	4	
3,500-3,999	10	6	4	
4,000-4,499	11	6	4	1
4,500-4,999	1			1
5,000	1	1		

Table 5: Combination Plans in Thirty Companies

Mileage Allowance ¢ per Mile	Fixed Allowance	
	Amount	Time Period
2. cents	$12.50	wk.
3.	10.	wk.
3.	40.	mo.
3.2	50.	mo.
3.2	50.	4 wks.
3.3	15.	wk. (50 wks./yr.)
3.5	1.50	day
3.5	42.	mo.
3.5	46.	mo.
3.5	$25-$50*	mo.
3.5	50.	mo.
3.5	55.	mo.
3.5	60.	mo.
3.5	40.	mo.
3.5	5 to 50**	mo.
3.5	420.	yr.
4.	12.18	wk.
4.	55.	mo.
4.	60.	mo.
4.	65.	mo.
4. ***	42.18	mo.
4.	85.	mo.
4.3	36.	mo.
4.5	20.	wk.
4.5	600.	yr.
5.	50.	mo.
5.	50.	mo.
5. ***	125.	mo.
6.3****	10.39****	wk.
7.	2.	day

* $50 per month the first year, $30 the second year, $25 thereafter.

** Standard allowance depends on age of car.

*** Mileage allowance based on mileage outside of man's "normal city driving."

**** "5.7¢ to 6.9¢ depending on average weekly mileage (average 6.3¢) plus $7.25 to $11.50 per week depending on make of truck (average $10.39)."

man operates and for the car he drives (or the standard model on which the company chooses to base its payment). Two representative examples provided by Runzheimer serve to illustrate how the plan works. Rates in a southern territory based upon a 1957 Chevrolet 210 six-cylinder four-door sedan are:

Fixed allowance	\$53.59 a month
Per mile allowance	3.55 cents
Depreciation adjustment	\$12.80 per 1,000 miles[1]

The allowance for the same car in one northwestern territory is composed of:

Fixed allowance	\$59.86 a month
Per mile allowance	4.15 cents
Depreciation adjustment	\$12.95 per 1,000 miles[1]

[1] On mileage in excess of 18,000 a year.

Table 6: Fixed Periodic Allowances Paid by Twenty-Two Companies

Allowance	Period	Comments
\$ 7.00	week	
12.15	week	
1.50	day	
2.00	day	In cities of under 100,000 population
2.50	day	In cities of over 100,000 population
35.00-65.00	month	Based on average mileage
2.60	day	West Coast
2.85	day	West Coast
50.00	month	
50.00	month	
50.00-70.00	month	Based on average mileage
60.00	month	Plus gas and oil
60.00	month	
65.00	month	
2.00	day	In metropolitan areas
3.00	day	In "normal geographic territory"
3.50	day	In "abnormal geographic territory"
65.00-75.00	month	
75.00	month	
79.00	month	
85.00	month	
65.00-125.00	month	Depending on size of territory and average mileage
105.00	month	
75.00-140.00	month	
150.00	month	
20.00	week	
40.00 average	week	Based on size of territory; assistant salesmen: \$24 per week.

Runzheimer issues bimonthly reports on changes in current prices necessitating adjustments in mileage allowances in certain territories.

Fixed Periodic Allowances

Fixed allowances are paid by twenty-two, or 10%, of the reporting companies. Fifteen of these twenty-two pay monthly allowances ranging from \$35 to \$150, but the allowances are concentrated between \$50 and \$85.

Table 6 presents the twenty-two allowances in detail.

Incidental Expenses

Incidental expenses such as tolls, away-from-home garage and parking charges are paid by most companies. Eighty-three per cent pay one or more of these. Four out of five companies pay tolls and parking; seven in ten pay for garage charges away from home. Relatively more durable goods producers pay for these expenses than do nondurable manufacturers.

Towing, auto washes and gas and oil costs are paid by fewer than one-fifth of the companies.

For details on incidental expenses, see Table 7.

Insurance

Minimum insurance coverage is required by 136 or about three-fifths of the 223 companies in the survey.

Table 8: Bodily Injury Coverage Required by Surveyed Companies, Maximum Liability

Per Person	Number of Companies	Per Accident	Number of Companies
\$ 5,000	2	\$ 10,000	2
10,000	22	20,000	17
15,000	5	25,000	3
20,000	4	30,000	6
25,000	25	40,000	3
50,000	12	50,000	21
100,000	27	100,000	12
200,000	2	300,000	19
250,000	4	500,000	3
300,000	3	1,000,000	4
500,000	3		
Total	109	Total	90

Table 7: Companies Paying Incidental Expenses in the United States

	Number and Per Cent of Companies					
	Durables		Nondurables		All Manufacturing	
	No.	%	No.	%	No.	%
Total companies	130	100%	92	100%	223*	100%
Tolls (roads, bridges, tunnels)	114	88	71	77	186*	83
Parking charges (away from home)	109	84	64	70	174*	78
Garage charges (away from home)	96	74	54	59	151*	68
Towing charges	19	15	17	18	36	16
Auto washing (away from home)	13	10	14	15	27	12
Gasoline and oil	14	11	12	13	26	12

* Includes one unclassified company.

Seventy-one of these 136 pay part or all of the premiums.

Amounts of required bodily injury coverage vary widely. The more popular figures are $10,000, $25,000, $50,000 and $100,000 per person, and $20,000, $50,000, $100,000 and $300,000 per accident. Table 8 shows how much the surveyed companies require in the way of bodily injury coverage.

Coverages for property damage most frequently required are $5,000 and $10,000. The complete distribution of amounts reported is:

Amount	Number of Companies
$ 5,000	55
10,000	23
20,000	4
25,000	11
50,000	5
100,000	7
Total	105

Collision insurance requirements of $50 and $100 deductible are reported by fourteen and eleven companies respectively. Thirty-two companies require fire and theft or comprehensive protection.

The Basic Allowance and Incidental Expenses

Most companies pay for incidental expenses; some pay insurance premiums. Do companies take these payments into consideration when deciding upon the amount of the basic allowance?

Analysis of flat mileage rates—by whether payment is made for incidentals and insurance—reveals that companies that pay no incidental expenses pay mileage rates that average about one-half cent higher than rates of companies which pay one or more of these expenses. The rate found most frequently, however, is 8 cents, whether incidentals are paid or not. Companies paying insurance premiums pay mileage rates averaging slightly higher than those that do not pay. Table 9 summarizes these data.

IN CANADA

Among the sixty-six Canadian cooperators in The Conference Board's 1958 survey of salesmen's automobile allowances, the most frequently used reimbursement plan is a combination of a fixed allowance and a flat mileage rate.[1] Twenty-five of the sixty-six companies use this method. Flat mileage rates are the next most popular method, with twenty companies using this form of reimbursement. Together, these two approaches account for two-thirds of the companies in the survey. Table 10 gives details for all sixty-six Canadian companies.

Combination Plans: Periodic Allowance with Flat Mileage Rate

The typical combination plan reported provides for the payment of a fixed monthly allowance. Monthly payments range from $18 to $70, but seventeen of twenty plans[2] pay $40 through $60. Mileage allowances are from 1.5 cents to 6.5 cents, but they are concentrated around 4 and 5 cents.

Table 11 details the plans combining flat mileage rates with monthly allowances.

Yearly fixed allowances are used by three companies. One pays $400, plus car and driver's licenses; the mileage allowance is 4.5 cents in lower Ontario and Quebec, and 5 cents in the Maritimes and in northern Ontario and Quebec. A second company pays $400 and 5 cents a mile. Another pays $350 to $567 according to location of the territory, type of road conditions, and one-, two- or three-year depreciation principles. Where provincial sales taxes are ap-

[1] Total number of companies reporting in the Canadian survey is sixty-nine. Of these, sixty-six report paying basic allowances. Three companies do not pay an allowance or did not reply to the question.

[2] Not including one company that did not report rates.

Table 10: Method of Reimbursement Used by Sixty-six Canadian Companies

Method	No. of Companies
Combination: fixed allowance with flat mileage rate	25
Flat mileage rate	20
Fixed periodic allowance	8
Graduated mileage allowance	6
Runzheimer plan	6
Other plans	7
Total companies reimbursing for auto expenses	66*

* Number of companies exceeds total since three use more than one plan.

Table 9: Relationship of Flat Mileage Rates to the Payment of Incidental Expenses and Insurance Premiums

Practice	Total Number of Companies	Average of Rates	Most Common Rate	Number of Companies Paying Common Rate
Incidental Expenses				
Pay	88	7.5¢	8¢	41
Do not pay	13	8.1	8	8
Insurance Premiums				
Pay	15	7.7	8	6
Do not pay	80	7.4	8	40
All companies	102	7.5	8	50

Table 11: Combination Plans in Twenty-one Canadian Companies

Mileage Allowance Cents per Mile	Monthly Allowance	Comments
1.5	$46.-54.	
3.	18.	Toronto
3.	22.50	Montreal
3.5	50.	
3.5	70.	
4.	40.	
4.-4.25	47.-49.	
4.-4.25	40.-53.	
4.	55.	
4.	55.	Manitoba and Ontario
4.	58.	Maritimes
4.	60.	Alberta
4.	63.	British Columbia
4.	65.	Quebec
4.2	60.	
4.5	50.	
4.5	70.	
5.	40.	
5.	40.	
5.	50.	
5.	50.	"8 men"
5.	52.50	"3 men"
5.	55.	"7 men"
5.5	40.	northern Ontario
4.5	40.	elsewhere
5.5	60.	
6.	45.	city
6.5	45.	country
6.	50.	
7.	A monthly allowance graduated by mileage	

plicable to automobiles, the allowance is increased by the tax rate. Mileage allowances are 3.75 cents to 4.75 cents, depending upon the depreciation policy (one, two or three years) and the type of roads traveled—pavement or gravel. The applicable rate is increased by .25 cent "where the cost of first-grade gasoline is 50 cents or over." In addition, the company pays three-quarters of the cost of insurance, and of the motor license and operator's permit.

One company's plan pays 4 cents a mile plus an annual depreciation allowance related to mileage. The annual allowance is determined from the following schedule:

Up to 6,000 miles — miles traveled ÷ 6,000 x $500
6,000-10,000 miles — $500
Over 10,000 miles — $500 plus 2 cents a mile for mileage over 10,000

The effect is to transform the plan after 10,000 miles to a fixed allowance plus a two-rate graduated mileage allowance (4 cents a mile for the first 10,000 miles and 6 cents thereafter plus $500 a year).

This company also adjusts the depreciation allowance where provincial sales taxes are applicable.

Flat Mileage Rates

Flat mileage rates of from 6.5 cents to 12 cents are reported by nineteen companies.[1] Three of these companies pay two rates, depending upon where the driving is done. Two pay 10 cents for city driving, 8 and 9 cents for country driving. Another pays 6.5 cents in "cities and southern Ontario," 8 cents in northern Ontario.

The single rates reported are concentrated at 9 and 10 cents a mile. The distribution of the sixteen rates is:

Rate	Number of Companies
7. cents	1
7.5	1
8.	2
9.	6
10.	4
11.	1
12.	1

Fixed Periodic Allowances

Fixed periodic allowances are paid by eight companies. Six of these pay monthly allowances ranging from $40 through $120.

The eight companies' allowances are:

Allowance	Period	Comments
$40.	month	
40.-43.	month	
50.	month	
48.	month	Ontario
50.	month	Quebec
53.	month	British Columbia
95.	month	
120.	month	
500.	year	Plus license and insurance
Not specified	week	Based on: annual mileage, city or country driving, the province, average cost of gasoline in the territory.

Runzheimer Plan

Six of the sixty-six Canadian companies use the Runzheimer plan. Two representative examples for Canada are provided by Runzheimer. Rates in an eastern territory based upon a 1957 Chevrolet 210 six-cylinder four-door sedan are:

Fixed allowance ....$68.56 a month
Per mile allowance .... 4.20 cents
Depreciation adjustment..$20.30 per 1,000 miles.

Allowances for the same car in one western territory are:

Fixed allowance ....$80.63 a month
Per mile allowance .... 4.35 cents
Depreciation adjustment..$20.30 per 1,000 miles.

Graduated Mileage Allowances

Graduated mileage plans are reported by six companies. Two provide for four rates. One of these pays rates stepped down by one penny decrements from 9 cents for the first 12,000 miles to 6 cents for mileage over 36,000. The second "four rater" pays 12 cents for

[1] Total number of companies using flat mileage allowances is twenty, but one company did not report the rate.

the first 5,000 miles, 10 cents and 8 cents for succeeding 5,000 mile intervals, and 7 cents for mileage over 15,000.

Two companies use two-rate plans. One pays 8 cents for the first 20,000 miles, and 7 cents thereafter in southern Ontario; but these rates are upped one-half cent in Quebec and one cent in northern Ontario. Another company pays 11 cents a mile for the first 10,000 miles, and 8 cents thereafter.

Six-rate and three-rate plans are used by two other companies. One calls for rates stepped down by 1 cent decrements at 3,000 mile intervals beginning with 10 cents for the first 12,000 miles. The three-rate plan pays 10 cents for the first 10,000 miles, 9 cents for the next 5,000 miles and 8 cents for mileage in excess of 15,000.

Other Plans

Seven companies use an assortment of approaches to pay for automobile expenses. One company uses graduated mileage rates for low mileage; but when mileage is in excess of 800 a month the company pays $60 a month, plus oil, gas and four car washes. Low mileage men are paid 12 cents a mile for the first 200 miles, and 10 cents for the next 600.

Another company simply pays the cost of gas, oil, washes and depreciation, letting the salesman bear the expenses of insurance, tires and repairs.

Ten dollars a week is paid plus "3% on sales, plus 5% on sales value in excess of $300 per week" reports one company. Another pays from nothing up to 9 cents a mile "depending on remuneration."

Three cents a mile plus depreciation, repairs, license and insurance is paid by one company.

Incidental Expenses

Seven out of ten Canadian cooperators pay one or more incidental expenses. Companies reporting specific items paid are distributed as follows:

Expenses Paid	Number of Companies
Total companies	69
Parking charges (away from home)	49
Garage charges (away from home)	37
Auto washing (away from home)	19
Towing charges	16
Gas and oil	9

Insurance

Minimum insurance coverage is required by forty-nine of sixty-nine companies. Premiums are paid in part or in full by twenty-four of these.

The amount of required bodily injury insurance varies widely. Table 12 in the next column presents the number of companies reporting various amounts of required coverage.

Property damage requirements are reported by sixteen companies—in one case, as high as $100,000.

Table 12: Bodily Injury Coverage Required by Surveyed Canadian Companies, Maximum Liability

Per Person	Number of Companies	Per Accident	Number of Companies
$ 5,000	1	$ 10,000	1
10,000	4	20,000	3
20,000	2	40,000	2
25,000	4	50,000	3
100,000	2	100,000	1
250,000	1	200,000	1
		500,000	1
Total	14	Total	12

Nearly half require $5,000, however. The complete distribution is:

Amount	Number of Companies
$ 1,000	2
2,000	1
3,000	1
5,000	7
10,000	1
25,000	1
50,000	2
100,000	1
Total	16

Inclusive coverage amounts (maximum coverage for both bodily injury and property damage) of from $25,000 to $300,000 are reported by twenty-one companies. Here is the breakdown:

$ 25,000	1 company
100,000	7 companies
200,000	8 companies
250,000	1 company
300,000	4 companies

Collision insurance requirements of $50, $100 and $250 deductible are reported by two, twenty-six and one company respectively. Twenty-seven companies require fire and theft or comprehensive coverage.

MITCHELL MEYER
Division of Personnel Administration

Labor Unions and Public Policy—This volume is composed of four studies dealing with the power position of organized labor. The authors and their contributions are: "The Economic Analysis of Labor Union Power," by Edward H. Chamberlin; "Involuntary Participation in Unionism," by Philip D. Bradley; "States Rights and the Law of Labor Relations," by Gerard D. Reilly; and "Legal Immunities of Labor Unions," by Roscoe Pound. *Published by the American Enterprise Association, Washington, D.C., 1958, 177 pp., $4.50.*

Employees Coached on Cafeteria Scramble System

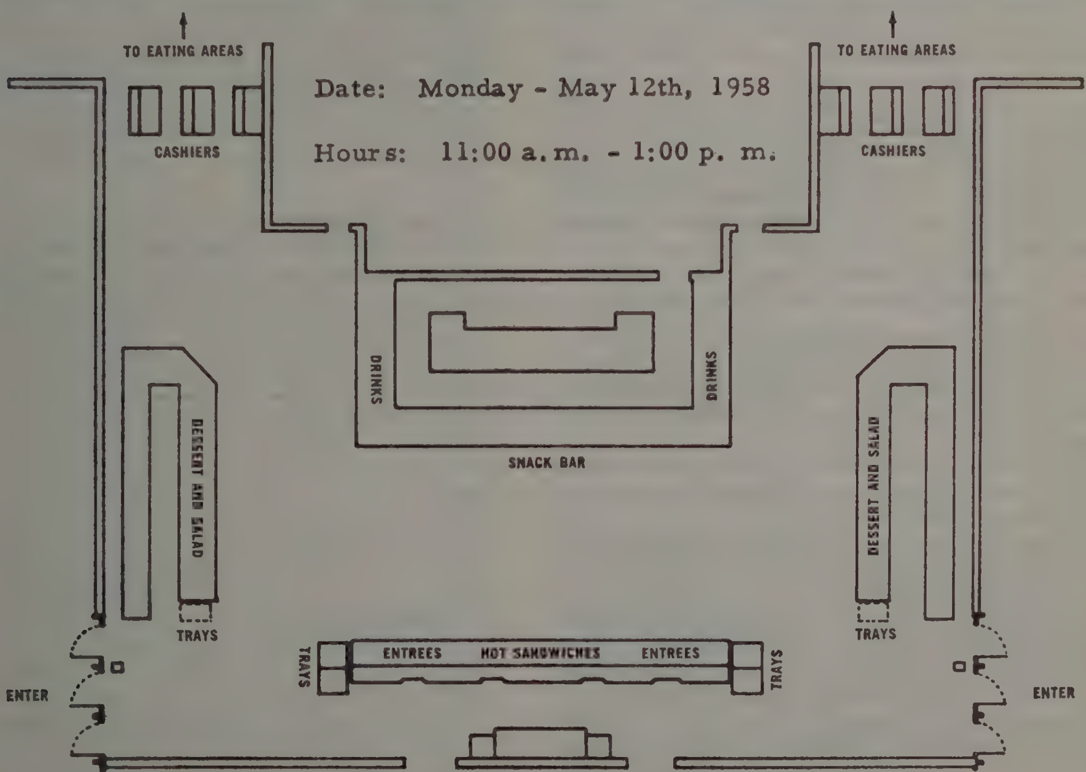
AN increasingly popular feature being incorporated in many new and remodeled company cafeteria facilities is the scramble system of serving lines. Known also as the supermarket plan, this system speeds up food service through the installation of duplicate service counters and individual counters for special food items such as snacks, salads and beverages. The system eliminates the long serpentine lines typical of many cafeterias.

A new company cafeteria with this type of installation is operated at the Astronautics Division of Convair in San Diego, California. To avoid the chance of another kind of scramble—confusion among cafeteria patrons on opening day when the new system was to be introduced—the cafeteria management explained the plan to employees beforehand. This was accomplished through a printed handout that showed a diagram of the cafeteria's serving area and included an explanation of how Astronautics' own particular scramble system would operate. The diagram is shown here.

By the time the cafeteria opened, employees were well apprised of the new plan and its purpose. Consequently, lost time and confusion that might otherwise have marked the opening day's operations were entirely avoided. And patrons were served half again as fast as under their old four-line cafeteria method.

In the new cafeteria, personnel may enter either side of the serving area and pick up trays at four different points. (See diagram.) Customers go to the counter or counters which have their items and which are least busy. If a person wishes only a salad and a cup of coffee, for example, he no longer waits behind persons selecting entrees, desserts, salads and beverages. Instead, he first goes to a salad counter; then he picks up his beverage before checking out at one

Diagram of Astronautics' Cafeteria, Distributed to Employees before the Opening



of six cashiers' stands which are not connected with any one line. Then he goes on to the eating area.

The lunch hours are staggered in fifteen-minute periods, with approximately 315 persons being served in a single peak period. The cafeteria is open for two hours at lunch and averages close to 2,000 customers per day.

The new cafeteria was designed when Convair's Astronautics Division[1] built a completely new facility for the development and manufacture of the Atlas missile. The physical dimensions of the serving area are approximately 80 feet by 50 feet, and the eating area is approximately 100 feet square.

The company provides the equipment, but a concessionaire operates the cafeteria on a straight profit-and-loss arrangement. The company does not subsidize any food costs, and the average lunch check amounts to approximately 80 cents.

In addition to the cafeteria, three mobile canteens are operated at strategic positions around the new plant.

[1] Convair is a Division of General Dynamics Corporation.

Management Bookshelf

Basic Motion Time Study—This book combines the theory of motion identification and timing with useful methods of applying the resulting time data to manual activities. It shows how time data are used to set standards for manual work either through direct study or through the use of elemental standard time data. All time data are related to a unit of motion—called basic motion—which has clear-cut end points that may be applied to all body members. Different types of motion are identified by the type of muscular and visual controls that must be used to complete the motion according to specification. Variable factors (such as distance, precise care, weight handled, etc.) are specified numerically, according to the requirements of the type of motion being used. *By Gerald B. Bailey and Ralph Presgrave, McGraw-Hill Book Company, New York, New York, 195 pp., $5.*

Alcoholism—This monograph is directed primarily to industrial physicians, but it would be of interest to any executive seeking help in working with "problem drinkers" in his organization. The author is director of a clinic for alcoholics at the New York University-Bellevue Medical Center which was started by the Consolidated Edison Company in 1947. *By Arnold Z. Pfeffer, M.D., Grune & Stratton, New York, New York, 1958, 98 pp., $4.50.*

Some Applications of Behavioral Research—Six social scientists in this book show how their disciplines (psychology, sociology, anthropology, etc.) can reveal new information and so contribute to the better solutions of problems affecting groups of people.

In the first essay in the book, Dr. Likert of the University of Michigan indicates some of the areas covered and some of the questions discussed.

"Problems of human behavior underlie each of the many kinds of organized group effort on which nations are becoming increasingly dependent. The main problems of organizational structure, organization policy and effective operation can be solved only if human behavior is understood. How should an organization be set up to accomplish its own objectives? How can the needs and purposes of many individuals be integrated with the needs and purposes of the organization? How can an organization adapt itself to change with a minimum of loss and stress?"

Much of the material presented here has application to business situations. *Edited by Rensis Likert and Samuel P. Hayes, Jr., UNESCO, New York, New York, 1957, 333 pp., $3.50 (paper bound).*

A Philosophy of Administration—Any subject concerned with the affairs of human beings should have a philosophy. This is true of education, medicine, science and law; it is equally true of administration. A philosophy is an articulated statement of the subject's essential objectives—of the principles, ideas and practices through which it aims at achieving better performance. The author of this book sets forth a philosophy of administration that pivots on the need for the creative growth of all individuals within any integrated organization. Such a philosophy, he believes, would not only profit the individuals but also the organization itself by giving it a convinced sense of direction that leads to general progress. *By Marshall E. Dimock, Harper & Brothers, New York, New York, 1958, 176 pp., $3.50.*

Classrooms in the Factories—Business necessarily has always been concerned with transmitting technological skills. But in a technological era, industry is increasingly broadening its concept of the skills and background necessary for a company's continual growth. It is no longer feasible to consider the classroom and the company as antagonists. This book documents industry's gradual encroachment in fields once pre-empted by educational institutions.

The authors point out the origins of company education programs and give an over-all view of a phenomenon that often finds corporations allocating budgets for education that equal those of good-size colleges. In addition to describing some integrated programs in managerial development and technical instruction, the book analyzes in detail particular courses and assesses their faculties, curriculums, textbooks, and methods of accumulating credits. Arrangements made by corporations with formal educational institutions, providing for both undergraduate and graduate study, are also discussed. In the last chapter, the authors draw conclusions as to the effect of this pervasive educational system. *By Harold F. Clark and Harold S. Sloan, Institute of Research, Fairleigh Dickinson University, Rutherford, New Jersey, 1958, 135 pp., $3.75.*

Labor Press Highlights

"No Choice But to Be in Politics"

"LABOR should *stay* in politics" is the title of a lead editorial in the Hotel and Restaurant Workers' *Catering Employee*, and it summarizes the viewpoint of most union periodicals these days. According to President Ed S. Miller of the Restaurant Workers, organized labor "has no choice but to become more active in political affairs. . . . There is almost no aspect of a worker's life, in or out of his union, which isn't affected in some way by the politics of our time."

Editorial comment in *The Machinist* carries this reasoning even further; it remarks that the Machinists' union welcomes what it considers the increased interest of *management* representatives in political action. The union notes that if it were in a position to advise management on its political activity it would suggest:

- "Come out of the bushes and stop feeling conspiratorial about politics. This is a free country and the more people get active in politics, the better country it will be.
- "Don't try to force your politics on the men and women who work for you. Intimidation doesn't work so long as there is a secret ballot."

This advice, says *The Machinist*, is the same advice that unions offer to their own members: "get active and find out the facts, help support the candidates you favor, get registered and vote, and respect the rights of those who disagree with you."

The pages of the labor press also contain concrete examples of the kinds of legislation labor unions favor. AFL-CIO President George Meany is quoted in the *AFL-CIO News* as having praised the "positive record" of the recently adjourned 85th Congress, while at the same time stating that Congress failed in the area of counteracting the effects of the recession. Among the items Mr. Meany cited as being on the credit side of the Congressional ledger were actions taken on Social Security, welfare fund disclosure, and wage increases for government employees.

On the other hand, states the *AFL-CIO News*, Congress enacted "pitifully inadequate" unemployment insurance legislation, refused to approve tax cuts for low- and middle-income families, and did not pass the Kennedy-Ives bill to "help unions eradicate the last vestiges of corruption in the labor movement."

Looking ahead to 1959, the Retail, Wholesale and Department Store Union's *Record* indicates that unions are already preparing their campaign for legislation when the 86th Congress convenes. Among the most needed pieces of legislation, says the *RWDSU Record*, are bills to extend minimum wage coverage and to boost the present minimum wage from $1 to $1.25 an hour. This same publication also indicates that labor will renew its fight for the Kennedy-Ives bill, for federal aid for school construction, and improved unemployment benefits. In this latter area, labor unions expect to make a new drive for the establishment of federal standards for jobless benefits, benefit periods, and liberalization of eligibility requirements.

Unions Ask for Higher Per Capita Taxes

Faced with the problem of rising costs, a number of international unions have attempted to increase per capita dues payments during the past months. In some cases, but not all, they have been successful.

Among those unions whose dues structures have been altered are the Fire Fighters, the Railroad Signalmen, Railway Carmen, the American Newspaper Guild, the Packinghouse Workers, and the Retail, Wholesale and Department Store Union, all AFL-CIO affiliates. According to the *AFL-CIO News*, the Fire Fighters, during their recent convention, voted by a narrow margin to increase the international per capita tax from 25 cents to 40 cents a month for a two-year period. After this time, unless the next convention again votes an increase, per capita dues will revert back to 25 cents.

The Railroad Signalmen have increased their per capita dues from $4.50 to $5.50 a quarter, reports the *AFL-CIO News*. The same publication also announces that delegates to the recent Newspaper Guild convention voted to increase per capita taxes earmarked for the union's defense fund from 25 cents to 30 cents a month. At the same time, the Newspaper Guild delegates provided for increased strike benefits, and they voted to require all local unions to earmark 5% of their own money for local union defense funds.

The Railroad Carmen have raised their per capita tax by 25 cents a month, announces *Labor*. Beginning January 1, new rates will range from $1.25 to $1.50 a month.

During the early summer, conventions of the Retail, Wholesale and Department Store Union and the Pack-

Finances of Seventeen Labor Organizations, as Listed in the Labor Press

Union[1] and Source of Data	Period Covered	Total Assets	Total Liabilities	Per Capita Tax	Total Income Including Per Capita Tax	Total Expenses
Canadian Labour Congress (CLC) *Canadian Labour*	January 1, 1957 to December 31, 1957	$ 743,921.44	$124,083.95	$1,137,864.91	$1,319,465.20	$1,267,385.65
Bookbinders *International Bookbinder*	May 1, 1957 to April 30, 1958	3,129,248.00	n.l.	n.l.	1,939,536.60	1,729,158.22[a]
Brewery Workers *The Brewery Worker*	April 1, 1957 to March 31, 1958	1,555,431.58	40,700.00	893,227.44	985,392.65	932,153.10
Communications Workers *CWA News*	April 1, 1957 to March 31, 1958	777,888.82[b]	385,498.71[b,c]	n.l.	n.l.	4,890,817.21[d]
Electrical Workers (IBEW) *Electrical Workers' Journal*	July 1, 1957 to June 30, 1958	13,238,291.01[e]	98,839.63[e]	5,368,479.70[b]	6,460,417.20[b]	5,568,123.40[b]
Glass and Ceramic Workers *Glass Workers News*	May 1, 1957 to April 30, 1958	538,366.30[b]	none[b]	821,884.17[b,f]	946,873.35[b]	869,024.91[b]
Glove Workers *Glove Workers Bulletin*	April 1, 1957 to March 31, 1958	16,865.33[g]	n.l.	24,397.60[h]	44,185.51[h]	42,906.96[h]
Newspaper Guild *The Guild Reporter*	May 1, 1957 to April 30, 1958	82,198.10[b]	8,745.07[b]	451,828.75[b]	460,359.77[b]	464,795.82[b]
Railroad Signalmen *Signalman's Journal*	July 1, 1956 to June 30, 1958	44,050.34[b,i]	n.l.	429,071.77[b]	483,694.28[b]	499,324.17[b]
Railroad Telegraphers *The Railroad Telegrapher*	May 1, 1957 to December 31, 1957	6,424,970.07[j]	n.l.	n.l.	n.l.	n.l.
Retail Clerks *Retail Clerks Advocate*	May 1, 1957 to April 30, 1958	4,336,107.33	125,726.22	n.l.	3,945,461.61	3,886,240.19[k]
Rubber Workers *United Rubber Worker*	July 1, 1957 to June 30, 1958	4,804,724.86	27,881.08	3,529,540.61[l]	3,626,251.30	2,612,483.15
Sailors Union of the Pacific (affiliate of Seafarers' International Union) *West Coast Sailors*	April 29, 1958 to June 28, 1958	1,586,534.39[m]	n.l.	120,396.00[b,f]	149,156.57[b]	107,350.90[b]
Boot and Shoe Workers *The Shoe Workers' Journal*	May 1, 1957 to April 30, 1958	1,353,689.53	n.l.	666,698.43[f]	698,950.41	661,590.41
Typographical Union *The Typographical Journal*	May 21, 1958 to June 20, 1958	10,393,136.34	n.l.	n.l.	1,294,149.35	1,659,136.78
Utility Workers *Light*	July 1, 1957 to June 30, 1958	650,022.56	1,722.99	734,226.30[n]	757,511.36	693,023.99
Woodworkers *International Woodworker*	July 1, 1957 to June 30, 1958	213,783.13[b,i]	n.l.	1,365,787.39[b]	1,367,062.39[b]	1,426,619.04[b]

n.l. Not listed.
[1] All unions are affiliated with the AFL-CIO unless otherwise indicated.
[a] Including investments.
[b] General fund only.
[c] Includes amounts to be distributed to other funds, and net assets of $392,390.11 represent unrestricted surplus.
[d] Total *cash* expenses.
[e] Includes all funds but pension fund.
[f] Dues and fees from locals.
[g] Union calls this "total balance on hand in checking account." Does not includ[e] total assets of $18,999.86 in death benefit fund.
[h] Includes all funds but death benefit fund.
[i] Union calls this "cash on hand and in banks."
[j] Total balances all funds.
[k] Total disbursements, investments and transfer of funds.
[l] Receipts from locals.
[m] Cash and securities.
[n] Per capita and exchanges.

inghouse Workers also acted on per capita taxes. According to the *RWDSU Record*, its locals now pay 85 cents rather than 75 cents a month to the international for each local member. The *Packinghouse Worker* reports that convention action (subsequently approved in a membership referendum) resulted in additional per capita taxes of 35 cents a month, an increase of from $1.40 to $1.75.

Not as successful in persuading delegates to approve an increase in per capita income for the union's operating fund were the officers of the Communications Workers of America. The finance committee of that union had recommended that per capita dues be increased from $1.50 per member per month to $2, reports *The CWA News*. However, this measure was voted down by a margin of fewer than 10,000 votes.

Anthracite Pensioners Told Why Pensions Cut

"The failure of the Federal Government to adopt a fair and reasonable national fuels policy" is given as one of seven principal reasons why monthly pension benefits from the United Mine Workers' Anthracite Health and Welfare Fund had to be reduced from $50 to $30 last June, according to the *United Mine Workers Journal*.

The immediate cause of the benefit reduction, says the *Journal*, was the considerable drop in hard coal production and sales. This in turn led to a drop in the royalty payments (which are 50 cents a ton) through which the fund is financed. But behind this drop in production, seven factors are to blame, say UMWA officials.

According to the *Mine Workers Journal*, these factors include the following: the elimination of almost all overseas exports; expanding competition of other fuels; unseasonably warm winters, and the dumping of cheap foreign oil. The "most deplorable of all reasons, however, is the buying of nonunion or bootleg coal by our own employed members and some of our pensioners," maintains the *Journal*. It calls upon members of the union to help the depressed situation by buying only union-produced coal and by refraining from buying other competitive fuels.

Canadian Labour Congress Publishes Financial Statement

The financial report of the Canadian Labour Congress for the year 1957 appears in a recent issue of *Canadian Labour*, the CLC's monthly magazine. During the period between January 1 and December 31, 1957, the federation's revenue amounted to $1,319,465. Most of this income came from per capita receipts from international and national unions, provincial organizations, and local unions directly chartered by the federation. Expenditures during the same period totaled $1,267,385, leaving a little more than $52,000 to be added to the surplus account of the federation.

As of the beginning of 1958, the net worth of the organization totaled $619,837, including investments of a little more than $260,000 in Dominion of Canada bonds. In comparison, figures just released by the AFL-CIO for the fiscal year ending June 30, 1958 indicate a net worth of $6.4 million, an increase of $100,000 over last year's figure.[1]

Excerpts from the Canadian Labour Congress' financial statement, as well as the financial reports of sixteen United States unions, may be found on the preceding page.

Unions Warned About Picketing

Striking members of the AFL-CIO's Oil, Chemical and Atomic Workers Union have been cautioned to watch their activities on the picket line. In a letter to local unions, described in the OCAW's *Union News*, the union's legal department stresses that as a result of the Supreme Court decision in the Russell case[2] unions should take particular care to avoid tactics that may restrain a nonstriker from working. "Picket line discipline must become tighter," warns the legal department, "and careful scrutinizing by competent legal counsel must be obtained prior to permitting many tactics that may previously have been an accepted part of picket line activity."

The OCAW legal department continues: "It has always been illegal to actually blockade plants or prevent employees from entering, whether by physical force or threats of force or violence. This practice is now much more dangerous since the Supreme Court has given state courts a license to entertain damage suits against unions because of such activities."

Meany Discusses Labor Papers

Labor publications should be financed out of trade union money "as a matter of pride," and not by businessmen's advertising, warns AFL-CIO President Meany in discussing the financial problems of the labor press in *The American Federationist*. Rather than accept advertising, union newspapers should seek other ways of running in the black, says Mr. Meany, and he calls for a careful re-examination of advertising policies.

MARIE P. DORBANDT
Division of Personnel Administration

[1] Additional details on 1957 AFL-CIO finances can be found in the January, 1958 issue of the *Management Record*, pp. 28-29.

[2] In this case Russell sued to recover damages from the United Auto Workers, maintaining that unlawful picketing prevented him from working. The Supreme Court, in International Union, United Automobile, Aircraft and Agricultural Implement Workers of America (UAW-CIO), et al. v. Russell, No. 21, May 26, 1958, held that the federal Labor-Management Relations Act does not deprive the Alabama state court of jurisdiction of action by the employee to recover compensatory and punitive damages from the union.

No Change in Retail Prices

The monthly price record is followed by a comparison of price movements since 1953 in the five largest and the five smallest cities that are surveyed

AFTER DECLINING in July for the first time in more than two years, THE CONFERENCE BOARD'S consumer price index came to a standstill in August. Lower food costs were almost entirely responsible for keeping the retail price level from rising. The all-items index, at 107.4 (1953=100), was unchanged from July, but 2.2% above a year ago.

The purchasing value of the consumer dollar remained at 93.1 cents (1953=100 cents), which was the same as the July value and exactly 2 cents below that of August, 1957.

Of the five major subgroups, only food fell over the month. The 0.6% drop in food prices was the largest monthly decrease to be recorded for this component in nearly three years, and it was strong enough to counterbalance 0.5% increases in transportation and sundries, and a 0.1% rise in housing costs. Apparel prices remained unchanged.

Fall of Food

Seasonally lower fresh fruit and vegetable prices combined with reduced beef prices to account for the lessening of the consumer's food bill. Fresh vegetables dropped to a yearly low, plunging 11.2% over the month. A much smaller decline of 1.8% for fresh fruits helped pull fruit and vegetable prices 4.3% below July levels. Higher prices for frozen and canned goods prevented a larger over-all decline.

Meat, fish and poultry prices were 0.2% cheaper. One of the major reasons for this decrease was the 0.6% drop in beef prices. However, despite a two-month decline, beef prices were still substantially above last winter's prices. A 3.6% drop in poultry prices, the largest decrease for this item during the year, also contributed to the general downturn. All other meats registered increases over the month, with pork (up 0.9%) leading the advance.

Dairy products and eggs rose 1.4% under the impact of a 3.8% seasonal upswing in egg prices and a 1.3% hike in the price of fresh milk. Butter, inching down 0.1%, was one of the few dairy products to show a decline. Prices for cereal and bakery products edged up 0.1% despite a 0.3% drop in flour costs. The increase was the result of fractional gains throughout the rest of the group.

Sugar rose 0.4% and fats and oils 0.2% to add a slight squeeze to the shopper's budget. Coffee, on the other hand, remained a comparative bargain for the consumer, as prices tumbled 1.0% over the month. Large supplies of the green coffee bean have been responsible for this year's declining prices.

The Rest of the Picture

All transportation costs, with the exception of those for new cars, increased to bring the component up 0.5%. However, the downward trend in new car prices halted in August, staying at the previous month's level. This marked the first let-up in toppling prices since the introduction of the 1958 models last November. The used-car market continued to show strength with a price rise of 1.4%. And higher bus and railway fares in many cities provided further impetus to the upward climb.

The 0.5% rise in sundries was primarily the result of the increased postal rates that went into effect in August. However, lesser advances throughout the group added weight to the over-all increase. Medical care rose 0.3%; recreation and alcoholic beverages and tobacco both went up 0.2%, and personal care rose 0.1%.

Housing costs edged up for the first time in four months. Higher gas and electricity rates, in addition to rises from seasonal lows in coal and oil prices, lifted fuel, power and water costs 0.4% above the previous month's level. These increases, coupled with higher household operation charges, were nearly counterbalanced by 0.1% declines in rent and furnishings and equipment. July's increase in heavy appliances was entirely erased when prices for these items fell 0.4% to reach their lowest level of the year.

Apparel continued to exhibit a general stability, as men's wear costs remained unchanged and prices of women's clothing moved up 0.1%. Dry cleaning and shoe repair charges were also fractionally higher.

Over the Year

Compared with a year ago, all consumer goods and services cost more. Food led the price rise with a 3.6% hike, while transportation and sundries rose 2.6% each, housing 1.0%, and apparel, showing the least change, 0.4%.

All commodity groups within the food index, except "other food," reported increases. Meat, fish and poultry prices were 8.3% higher, as beef climbed 14.2%

above year-ago levels. Price hikes were recorded for all items in this group other than poultry, which was 2.4% cheaper. Fruits and vegetables rose 5.6%, with only fresh vegetables falling 4.7%. Fresh fruits were 14.4% higher, while frozen fruits registered a 48.2% jump.

A 4.9% advance in egg prices was a large factor in the 2.3% increase in the dairy products and eggs index. Cereal and bakery products, up 1.8%, showed the smallest advance. Margarine and coffee were two of the less expensive items, as they dropped 1.7% and 10.7%, respectively.

Public transit fares increased 4.2% to provide a big thrust to transportation's 2.6% rise. Used-car prices recorded an especially strong 5.2% increase, while higher maintenance charges and new-car prices also contributed to the upward trend. All sections of the sundries index combined forces to average a 2.6% lift. Personal care's 3.2% increase and medical care's 2.8% were the major factors in raising the price level.

Services were primarily responsible for lifting housing costs. Gas, rent, electricity and household operation charges rose, whereas furnishings and equipment slid back 0.4%. The small 0.4% increase in apparel was the result of higher prices of 0.7% for women's clothing and additional hikes in clothing materials and services. Men's wear, however, was 0.1% cheaper over the year.

TRENDS IN LARGE AND SMALL CITIES

Even though prices follow a similar trend throughout the country, some variations occur among individual cities and groups of cities despite the generally uniform pattern. It has been shown, for example, that price movements differ from region to region, although the variations are usually only minor ones.[1] The Board, therefore, thought it would be of interest to compare the price movements in large and small cities in order to see if price trends vary according to population size.

To measure these price trends, the annual averages of the five largest and five smallest cities in the consumer price study were grouped into two separate indexes. The large cities are: New York, Chicago, Los Angeles, Detroit and Philadelphia. The small are: Roanoke, Evansville, Lansing, Erie and Des Moines.[2] In this instance, unweighted averages were obtained, primarily to eliminate the overpowering effect New York price movements would exert on the over-all trend because of the city's extremely large population.

Between 1953 and the first half of 1958, goods and services rose 7.7% in large cities and 6.1% in small cities, which is not a very large difference. In the large-city index, apparel and housing costs were below the all-items level, while in the small-city index food was also lower than the all-items average. Transportation costs increased more than any other item in the large cities, with sundries, food, housing and apparel following in that order. In the small cities, sundries led the price climb, and transportation, food, housing and apparel followed.

Changes in Components—1953-First Half of 1958

When the components of the large- and small-city indexes are compared directly, the variations become apparent. Apparel prices, however, rose at almost the same rate in both population groups—1.9% in the large cities and 1.7% in the small. Prices for sundries increased more in the small cities, but the difference between the two groups was slight. Small-city costs climbed 9.8% and large, 9.2%. Transportation costs followed nearly similar trends, rising somewhat more (10.1%) in the large cities than they rose in the small (9.1%).

The greatest difference between the two groups occurred in the food and housing advances. Housing costs rose 7.6% in the large cities and 5.0% in the small. In food, the increases were 8.2% for large cities and 5.3% for small cities. Over this four-and-a-half-year span, therefore, consumer prices generally rose more rapidly in the large cities than in the small cities, with sundries the exception. And, in two instances, the increases in large-city costs were sizably more than in the small cities.

Year-to-Year Changes

When the large and small cities are compared over shorter time periods the variations are not as large, although some deviations do occur. As can be seen from the chart on page 360, the price patterns of the two all-items indexes are quite similar over the long run. However, in each year, from 1953 through mid-1958,

[1] Regional variations are discussed in the December, 1955 and August, 1956 issues of *The Business Record*.
[2] Population size is based on the 1950 census for standard metropolitan areas.

Consumer Price Index—United States

Cities over 50,000 population
1953 = 100

	ALL ITEMS	FOOD						HOUSING				
		Total	Meat, Fish, Poultry	Cereal, Bakery Products	Dairy Products, Eggs	Fruits, Vegetables	Other Food at Home	Total	Rent	Fuel, Power, Water: Total	Gas	Electricity
1957 January	103.4	100.2	91.7	107.1	97.8	104.1	110.8	104.5	108.7	107.8	109.5	102.2
February	103.6	100.5	92.4	107.7	97.2	104.8	111.1	104.8	108.9	108.6	109.5	102.2
March	103.7	100.4	92.5	108.1	96.4	104.2	111.1	105.2	108.9	108.7	109.6	102.2
April	103.9	100.6	93.1	108.6	95.6	105.2	111.0	105.4	109.4	108.8	109.4	102.2
May	104.1	101.1	93.9	108.9	94.7	108.7	110.2	105.4	109.5	108.5	109.5	102.3
June	104.5	102.0	95.7	109.3	94.0	111.3	110.0	105.5	109.6	108.3	109.4	102.4
July	104.8	102.8	97.2	109.6	95.0	111.9	110.0	105.5	110.1	106.6	106.7	102.7
August	105.1	103.5	99.9	109.8	97.4	108.2	110.0	105.5	110.2	106.4	106.8	102.7
September	105.3	103.6	100.3	109.9	99.6	105.4	110.0	105.7	110.3	106.6	107.0	102.7
October	105.4	103.5	99.2	110.2	102.0	104.0	109.0	106.0	110.9	106.9	106.9	102.7
November	105.9	103.5	97.9	110.6	103.4	104.9	108.7	106.1	111.0	107.3	108.4	102.7
December	106.0	103.6	97.8	110.7	103.4	105.3	108.4	106.3	111.1	107.4	108.4	102.7
1957 Annual Average	104.6	102.1	96.0	109.2	98.0	106.5	110.0	105.5	109.9	107.7	108.4	102.5
1958 January	106.3	104.5	99.3	110.9	102.5	108.7	108.5	106.8	111.4	110.1	113.6	103.1
February	106.6	105.4	101.8	111.1	100.9	111.8	108.6	106.9	111.6	110.0	113.7	103.3
March	106.8	106.4	103.5	111.2	100.9	115.4	108.5	106.8	111.6	110.2	114.2	103.3
April	107.2	107.6	105.9	111.4	99.8	120.2	108.2	106.8	111.9	109.8	114.5	103.3
May	107.3	107.8	106.6	111.7	98.4	122.5	108.0	106.8	112.0	109.3	114.9	103.3
June	107.5	108.1	108.0	111.5	97.8	122.7	107.9	106.8	112.0	109.5	115.1	104.0
July	107.4	107.8	108.4	111.7	98.2	119.4	107.6	106.5	112.3	106.5	109.6	104.1
August	107.4	107.2	108.2	111.8	99.6	114.3	107.6	106.6	112.2	106.9	109.8	104.3

	HOUSING (continued)		APPAREL			TRANSPORTATION	SUNDRIES	PURCHASING VALUE OF DOLLAR	REBASED INDEXES		
	Furnishings,[1] Equipment	Other Household Operations	Total	Men's Apparel	Women's Apparel				All Items (January 1939=100)	Purchasing Value of January, 1939 Dollar	All Items (1947-49=100)
1957 January	99.8	104.5	100.8	102.3	98.2	107.8	105.5	96.7	187.8	53.3	117.7
February	100.0	104.8	100.9	102.3	98.4	107.7	105.8	96.5	188.2	53.1	117.9
March	100.4	105.2	101.0	102.4	98.5	107.3	106.1	96.4	188.4	53.1	118.1
April	100.5	105.3	101.1	102.5	98.5	107.4	106.3	96.2	188.7	53.0	118.3
May	100.4	105.5	101.2	102.6	98.5	107.4	106.5	96.0	189.1	52.9	118.5
June	100.5	105.6	101.2	102.6	98.5	107.5	106.7	95.7	189.7	52.7	118.9
July	100.4	105.9	101.2	102.6	98.4	107.6	107.2	95.4	190.3	52.6	119.2
August	100.3	106.4	101.5	102.7	98.7	107.6	107.7	95.1	190.9	52.4	119.6
September	100.8	106.6	101.8	102.8	99.3	107.6	108.0	95.0	191.2	52.3	119.9
October	101.0	107.1	102.0	102.9	99.5	107.4	108.3	94.9	191.4	52.2	120.0
November	101.0	107.3	102.0	103.0	99.5	110.3	108.6	94.5	192.2	52.0	120.5
December	101.0	107.8	102.0	103.0	99.5	110.2	108.9	94.4	192.4	52.0	120.6
1957 Annual Average	100.5	106.0	101.4	102.6	98.8	108.0	107.1	95.6	190.0	52.6	119.1
1958 January	101.0	108.1	102.0	102.9	99.5	109.6	109.1	94.0	193.1	51.8	121.0
February	101.0	108.4	102.0	102.7	99.5	108.8	109.3	93.8	193.5	51.7	121.3
March	100.7	108.6	102.0	102.6	99.6	108.5	109.4	93.6	194.0	51.5	121.6
April	100.5	108.8	102.2	102.9	99.6	108.5	109.6	93.2	194.8	51.3	122.0
May	100.3	109.0	102.0	102.8	99.4	108.8	109.7	93.2	194.9	51.3	122.2
June	100.3	109.1	102.0	102.8	99.4	109.1	109.8	93.0	195.2	51.2	122.3
July	100.0	108.9	101.9	102.6	99.3	109.8	110.0	93.1	195.0	51.3	122.2
August	99.9	109.3	101.9	102.6	99.4	110.4	110.5	93.1	195.1	51.3	122.3

Consumer Price Index—United States

Annual Averages 1914-1957[a]
1953 = 100

Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar
1914	40.3	248.1	1925	67.8	147.5	1936	54.8	182.5	1947	84.7	118.1
1915	40.0	250.0	1926	68.3	146.4	1937	57.2	174.8	1948	90.1	111.0
1916	43.0	232.6	1927	66.9	149.5	1938	55.7	179.5	1949	88.8	112.6
1917	51.3	194.9	1928	65.9	151.7	1939	55.0	181.8	1950	90.0	111.1
1918	59.5	168.1	1929	65.6	152.4	1940	55.4	180.5	1951	97.0	103.1
1919	67.6	147.9	1930	63.4	157.7	1941	58.3	171.5	1952	99.5	100.5
1920	77.8	128.5	1931	57.0	175.4	1942	64.5	155.0	1953	100.0	100.0
1921	66.8	149.7	1932	50.9	196.5	1943	68.2	146.6	1954	100.2	99.8
1922	63.6	157.2	1933	49.0	204.1	1944	69.1	144.7	1955	100.3	99.7
1923	65.4	152.9	1934	51.8	193.1	1945	70.2	142.5	1956	101.9	98.1
1924	66.1	151.3	1935	53.6	186.6	1946	74.9	133.5	1957	104.6	95.6

a Indexes from 1914 through 1919 are for the month of July only and are not annual averages.

Consumer Price Indexes for Individual Cities

NOTE: These indexes show changes in consumer prices only. They do NOT show intercity differences in price level or standard of living.

Cities Surveyed Monthly

	1953 = 100			Percentage Changes	
	Aug. 1958	July 1958	Aug. 1957	July 1958 to Aug. 1958	Aug. 1957 to Aug. 1958
Chicago					
All Items	109.9	109.7	107.6	+0.2	+2.1
Food	108.5	108.4	105.0	+0.1	+3.3
Housing	111.5	111.2	110.4	+0.3	+1.0
Apparel	102.5	102.4	101.3	+0.1	+1.2
Transportation	113.7	113.3	109.7	+0.4	+3.6
Sundries	111.3	111.1	109.6	+0.2	+1.6
Houston					
All Items	107.8	107.7	105.3	+0.1	+2.4
Food	107.4	107.8	103.8	−0.4	+3.5
Housing	106.2	106.6	106.1	−0.4	+0.1
Apparel	103.3	103.4	103.0	−0.1	+0.3
Transportation	111.9	110.8	107.4	+1.0	+4.2
Sundries	110.1	109.6	106.1	+0.5	+3.8

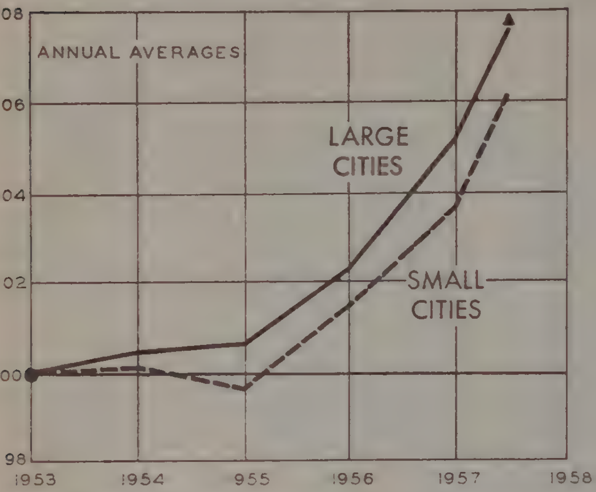
	1953 = 100			Percentage Changes	
	Aug. 1958	July 1958	Aug. 1957	July 1958 to Aug. 1958	Aug. 1957 to Aug. 1958
Los Angeles					
All Items	106.8	107.2	104.9	−0.4	+1.8
Food	105.5	107.3	103.2	−1.7	+2.2
Housing	104.9	104.6	104.1	+0.3	+0.8
Apparel	102.6	103.0	101.8	−0.4	+0.8
Transportation	110.3	110.3	107.7	0	+2.4
Sundries	111.2	110.5	108.1	+0.6	+2.9
New York					
All Items	107.8	107.8	105.3	0	+2.4
Food	109.3	109.8	104.6	−0.5	+4.5
Housing	106.5	106.4	105.2	+0.1	+1.2
Apparel	99.9	99.7	100.1	+0.2	−0.2
Transportation	117.8	117.7	116.4	+0.1	+1.2
Sundries	107.8	107.5	105.6	+0.3	+2.1

Cities Surveyed Quarterly

	1953 = 100			Percentage Changes	
	Aug. 1958	May 1958	Aug. 1957	May 1958 to Aug. 1958	Aug. 1957 to Aug. 1958
Akron					
All Items	107.9	107.9	105.9	0	+1.9
Food	106.2	107.7	103.7	−1.4	+2.4
Housing	106.9	106.8	106.8	+0.1	+0.1
Apparel	100.4	100.5	101.1	−0.1	−0.7
Transportation	115.7	114.1	107.5	+1.4	+7.6
Sundries	111.5	110.5	109.4	+0.9	+1.9
Baltimore					
All Items	107.2	106.9	105.1	+0.3	+2.0
Food	105.5	106.6	102.7	−1.0	+2.7
Housing	106.8	106.1	105.7	+0.7	+1.0
Apparel	102.9	102.1	102.2	+0.8	+0.7
Transportation	109.2	108.5	107.3	+0.6	+1.8
Sundries	112.4	111.0	108.7	+1.3	+3.4
Boston					
All Items	108.1	107.8	105.6	+0.3	+2.4
Food	105.9	106.0	103.6	−0.1	+2.2
Housing	108.9	109.1	106.8	−0.2	+2.0
Apparel	102.6	102.6	101.7	0	+0.9
Transportation	108.7	107.6	105.1	+1.0	+3.4
Sundries	113.0	112.0	109.7	+0.9	+3.0
Chattanooga					
All Items	104.9	104.6	103.5	+0.3	+1.4
Food	102.3	103.0	100.2	−0.7	+2.1
Housing	102.5	102.5	102.5	0	0
Apparel	104.2	104.1	104.4	+0.1	−0.2
Transportation	110.2	108.7	108.0	+1.4	+2.0
Sundries	110.6	109.1	107.8	+1.4	+2.6
Dallas					
All Items	106.0	105.9	103.3	+0.1	+2.6
Food	105.0	105.5	101.2	−0.5	+3.8
Housing	102.9	103.3	103.8	−0.4	−0.9
Apparel	102.0	101.9	101.8	+0.1	+0.2
Transportation	110.0	108.6	102.9	+1.3	+6.9
Sundries	111.3	110.2	106.8	+1.0	+4.2
Detroit					
All Items	108.3	108.7	106.5	−0.4	+1.7
Food	110.2	113.2	106.6	−2.7	+3.4
Housing	106.4	106.7	106.7	−0.3	−0.3
Apparel	101.7	101.6	101.4	+0.1	+0.3
Transportation	108.7	106.3	106.7	+2.3	+1.9
Sundries	112.0	110.7	109.1	+1.2	+2.7

	1953 = 100			Percentage Changes	
	Aug. 1958	May 1958	Aug. 1957	May 1958 to Aug. 1958	Aug. 1957 to Aug. 1958
Duluth-Superior					
All Items	108.3	107.7	106.2	+0.6	+2.0
Food	108.5	107.9	105.0	+0.6	+3.3
Housing	107.3	107.6	106.8	−0.3	+0.5
Apparel	100.6	100.4	100.3	+0.2	+0.3
Transportation	111.7	109.5	107.8	+2.0	+3.6
Sundries	112.1	110.6	109.8	+1.4	+2.1
Richmond					
All Items	105.3	105.0	103.9	+0.3	+1.3
Food	102.7	103.7	101.4	−1.0	+1.3
Housing	105.7	105.7	104.9	0	+0.8
Apparel	101.1	101.1	101.5	0	−0.4
Transportation	106.6	105.6	106.1	+0.9	+0.5
Sundries	110.5	107.9	106.3	+2.4	+4.0
Rochester					
All Items	107.8	107.6	105.0	+0.2	+2.7
Food	109.7	110.8	106.6	−1.0	+2.9
Housing	104.7	104.1	103.6	+0.6	+1.1
Apparel	100.3	100.7	100.4	−0.4	−0.1
Transportation	108.0	106.9	104.6	+1.0	+3.3
Sundries	113.9	112.9	107.7	+0.9	+5.8
St. Louis					
All Items	105.8	105.0	104.1	+0.8	+1.6
Food	104.4	105.5	102.7	−1.0	+1.7
Housing	104.4	104.1	103.9	+0.3	+0.5
Apparel	103.8	103.7	103.7	+0.1	+0.1
Transportation	111.0	103.5	105.8	+7.2	+4.9
Sundries	107.9	107.1	105.7	+0.7	+2.1
San Francisco-Oakland					
All Items	108.1	108.1	105.6	0	+2.4
Food	108.2	109.8	102.6	−1.5	+5.5
Housing	107.4	106.8	105.6	+0.6	+1.7
Apparel	102.6	102.6	102.8	0	−0.2
Transportation	107.7	106.5	106.0	+1.1	+1.6
Sundries	112.0	111.6	110.9	+0.4	+1.0
Wilmington					
All Items	107.0	107.1	105.7	−0.1	+1.2
Food	104.3	105.8	102.6	−1.4	+1.7
Housing	106.2	105.9	105.3	+0.3	+0.9
Apparel	101.9	102.0	101.5	−0.1	+0.4
Transportation	108.1	106.5	106.6	+1.5	+1.4
Sundries	115.2	114.8	113.4	+0.3	+1.6

All-Items Indexes for Large and Small Cities
(1953 = 100)



▲ Six-month average, January-June.

rises in large-city prices outpaced changes in small cities. And between 1954 and 1955 prices rose 0.2% in large cities, while they dropped 0.4% in the small cities to slip below their 1953 levels. It must be pointed out that neither change was of any great magnitude, nor did the indexes pull very far from each other.

In the five component indexes of the two population groups, prices moved in opposite directions only once during the four-and-a-half-year period. This occurred between 1953 and 1954 when transportation costs fell 0.8% in the small cities and rose 1.9% in the large cities.

Excluding this deviation, the changes varied by more than 1% in only four out of twenty-four remaining instances. However, if the 1953-1954 transportation changes are considered in the count, one variation of some size occurred in each year. The differing price changes of more than 1% occurred in the food category and the transportation category twice, and in sundries once. In two instances (in transportation and sundries), prices rose more rapidly in the smaller cities than in the large cities. Food prices fell less in the large cities during one time period and rose faster in the large cities during another year.

Individual City Changes

Chicago chalked up the largest over-all increase (9.9%) in prices from 1953 through the first six months of 1958, while Roanoke registered the smallest (3.6%). Among the five component indexes, food costs rose the most in Detroit, going up 11.5%, and they rose the least in Evansville (0.4%). The 11.3% rise in Chicago housing costs was the largest, and the 3.4% increase in Evansville the smallest.

Price changes in apparel were comparatively small in all ten cities, with Des Moines registering the largest advance of 3.3%. Roanoke was the only city where apparel prices were cheaper during the first half of 1958 than in 1953, although they only dropped 0.3%. New Yorkers faced the largest increase in transportation costs, 17.4%, while Roanoke consumers had the smallest, 4.7%. Advances in sundries ranged from a 13.0% high in Erie to a 6.2% low in Evansville.

Zoe Campbell
Division of Consumer Economics

Management Bookshelf

Assessing Managerial Potential—This report grew out of two discussions on the subject of executive selection that were held in 1957 and were attended by forty-nine representatives of industry, government and social science research groups. Assessment techniques, criterion problems, and sample executive tests receive attention. No final solutions are offered; rather, this is a where-do-we-stand-now summary of work currently being done in business organizations and outside. *By the Foundation for Research on Human Behavior, Ann Arbor, Michigan, published in loose-leaf binder form, 84 pp., $3.*

Distribution of Union Membership Among the States, 1939 and 1953—One of the significant gaps in union membership statistics is the lack of state and regional membership data. This short study aims at starting to supply some information on the subject. Estimates for both the extent of unionization by state and by industry are included for the years specified. *By Leo Troy, National Bureau of Economic Research, Inc., Occasional Paper 56, New York, New York, 1958, 32 pp., 75 cents.*

Job Evaluation and Performance Review for Salary Administration—This pamphlet is one of a series published by the National Association of Bank Auditors and Comptrollers. It is designed primarily to assist banking institutions in answering the question, "How can we get the most good from every dollar of payroll?" The pamphlet outlines in detail the methods and procedures of salary evaluation and merit rating. Included are instructions, sample forms and an evaluation plan for describing, rating and pricing nonofficer salaried jobs. The manual also points out how the over-all program of salary administration helps banking management achieve the objectives of:

1. an equitable arrangement and distribution of salary payments
2. proper relationship between salaries paid and community salary rates
3. clarification and delineation of job duties
4. improved selection, placement, training and promotion of employees, and
5. better understanding between management and employees regarding compensation matters.

The National Association of Bank Auditors and Comptrollers, Chicago, Illinois, 1958, 41 pp., $2 to members, $4 to nonmembers.

Significant Labor Statistics

Item	Unit	1958 August	July	June	May	April	Mar.	Feb.	Year Ago	Percentage Change: Latest Month over Previous Month	Latest Month over Year Ago
umer Price Indexes											
l Items (NICB)	1953 = 100	107.4	107.4	107.5	107.3	107.2	106.8	106.6	105.1	0	+2.2
Food	1953 = 100	107.2	107.8	108.1	107.8	107.6	106.4	105.4	103.5	−0.6	+3.6
Housing	1953 = 100	106.6	106.5	106.8	106.8	106.8	106.8	106.9	105.5	+0.1	+1.0
Apparel	1953 = 100	101.9	101.9	102.0	102.0	102.2	102.0	102.0	101.5	0	+0.4
Transportation	1953 = 100	110.4	109.8	109.1	108.8	108.5	108.5	108.8	107.6	+0.5	+2.6
Sundries	1953 = 100	110.5	110.0	109.8	109.7	109.6	109.4	109.3	107.7	+0.5	+2.6
Purchasing value of dollar	1953 dollars	93.1	93.1	93.0	93.2	93.2	93.6	93.8	95.1	0	−2.1
l Items (*BLS*)	1947–1949 = 100	123.7	123.9	123.7	123.6	123.5	123.3	122.5	121.0	−0.2	+2.2
loyment Status[1]											
ivilian labor force	thousands	70,067	r 70,473	70,418	68,965	68,027	67,510	67,160	68,994	−0.6	+1.6
Employed	thousands	65,367	65,179	64,981	64,061	62,907	62,311	61,988	66,385	+0.3	−1.5
Agriculture	thousands	6,621	6,718	6,900	6,272	5,558	5,072	4,830	6,823	−1.5	−3.0
Nonagricultural industries	thousands	58,746	58,461	58,081	57,789	57,349	57,239	57,158	59,562	+0.5	−1.4
Unemployed	thousands	4,699	5,294	5,437	4,904	5,120	5,198	5,173	2,609	−11.2	+80.1
e Earners[23]											
mployees in nonagr'l establishm'nts	thousands	p 50,541	r 50,202	r 50,413	49,949	49,726	49,690	50,223	52,477	+0.7	−3.7
Manufacturing	thousands	p 15,489	r 15,172	r 15,206	15,023	15,104	15,355	15,603	16,949	+2.1	−8.6
Mining	thousands	p 712	r 707	r 717	711	716	733	784	828	+0.7	−14.0
Construction	thousands	p 2,942	r 2,888	r 2,806	2,685	2,493	2,316	2,374	3,057	+1.9	−3.8
Transportation and public utilities	thousands	p 3,904	3,908	r 3,904	3,874	3,883	3,110	3,954	4,210	−0.1	−7.3
Trade	thousands	p 11,008	r 10,986	r 11,035	10,961	10,940	10,939	11,244	11,236	+0.2	−2.0
Finance	thousands	p 2,410	r 2,410	r 2,391	2,370	2,356	2,348	2,339	2,394	0	+0.7
Service	thousands	p 6,449	r 6,470	r 6,488	6,455	6,384	6,267	6,399	6,404	−0.3	+0.7
Government	thousands	p 7,627	r 7,661	r 7,866	7,870	7,850	7,822	7,526	7,399	−0.5	+3.1
oduction and related workers in mfg. employment											
All manufacturing	thousands	p 11,681	r 11,373	r 11,415	11,245	11,310	11,542	11,777	13,020	+2.7	+10.3
Durable	thousands	p 6,355	r 6,281	r 6,350	6,269	6,337	6,502	6,631	7,489	+1.2	−15.2
Nondurable	thousands	p 5,326	5,092	r 5,065	4,976	4,973	5,040	5,146	5,531	+4.6	+3.7
verage weekly hours											
All manufacturing	number	p 39.4	39.2	39.2	38.6	38.3	38.6	38.4	40.0	+0.5	−1.5
Durable	number	p 39.7	39.4	39.6	39.1	38.8	39.0	38.6	40.3	+0.8	−1.5
Nondurable	number	p 39.1	r 38.9	38.7	38.1	37.6	38.1	38.1	39.5	+0.5	−1.0
verage hourly earnings											
All manufacturing	dollars	p 2.12	2.13	2.12	2.12	2.11	2.11	2.10	2.07	−0.5	+2.4
Durable	dollars	p 2.28	2.28	2.27	2.25	2.24	2.25	2.24	2.21	0	+3.2
Nondurable	dollars	p 1.93	1.94	1.94	1.94	1.94	1.93	1.92	1.88	−0.5	+2.7
verage weekly earnings											
All manufacturing	dollars	p 83.53	83.50	83.10	81.83	80.81	81.45	80.64	82.80	A	+0.9
Durable	dollars	p 90.52	89.83	89.89	87.98	86.91	87.75	86.46	89.06	+0.8	+1.6
Nondurable	dollars	p 75.46	r 75.47	75.08	73.91	72.94	73.53	73.15	74.26	A	+1.6
raight time hourly earnings (estimated)											
All manufacturing	dollars	p 2.07	2.09	2.08	2.08	2.07	2.06	2.06	2.01	−1.0	+3.0
Durable	dollars	p 2.23	2.23	2.22	2.20	2.20	2.20	2.19	2.14	0	+4.2
Nondurable	dollars	p 1.89	1.90	1.90	1.91	1.91	1.90	1.89	1.84	−0.5	+2.7
aver Rates in Manufacturing[2]											
eparations	per 100 employees	n.a.	3.0	2.8	3.5	4.1	4.2	3.9	4.0	n.a.	n.a.
Quits	per 100 employees	n.a.	0.8	0.8	0.8	0.7	0.7	0.7	1.9	n.a.	n.a.
Discharges	per 100 employees	n.a.	0.2	0.2	0.2	0.2	0.2	0.2	0.3	n.a.	n.a.
Layoffs	per 100 employees	n.a.	1.8	1.6	2.4	3.0	3.2	2.9	1.6	n.a.	n.a.
ccessions	per 100 employees	n.a.	3.2	3.6	2.9	2.5	2.4	2.2	3.2	n.a.	n.a.

Bureau of the Census. Beginning with January, 1957, employment status figures reflect slightly modified definitions of employment and unemployment.
Bureau of Labor Statistics
The BLS has adjusted its nonfarm employment and hours and earnings series to first quarter 1955 benchmark levels. The benchmark level is the total count of workers covered in each industry, and in this instance the data were received from government social insurance programs. The adjustment affects all figures since February, 1956.

p Preliminary. r Revised. A Less than .05% change
n.a. Not available.

Evaluating Committees

(Continued from page 333)

have what amounts to "line" authority to make decisions or to command actions, in which case the parties affected by committee decisions would be permitted an appeal to some higher authority. Depending on the job to be done, however, the only practical generalization is that the authorities of the committee, like those of any individual, must be commensurate with the responsibilities assigned to it.

Regarding authority, there are some special considerations that apply to committees having "coordinating" assignments. Coordination within an organization occurs in two principal ways. There is the coordination achieved by a supervisor in exercising authority or providing leadership. Or there may be informal coordination — "self-coordination" — among individuals, which is achieved without the active participation of their common supervisor. A coordinating committee is usually involved in the second type. It has no real authority for coordination in the sense that the supervisor coordinates the activities of his subordinates. Mainly coordination is achieved by the exchange of information, ideas and opinions, and finally intentions, among the committee members. The committee itself, as a collective body, does not have authority to coordinate.

A complication in assigning or analyzing the authority of committees occurs when superiors and subordinates are members of the same committee. (As a matter of fact, there are some who would hesitate to call such a body a committee.) If a committee includes the superior of the members, as distinguished from a body of individuals all from different chains of command, a point repeatedly stressed by committee members is that the committee's responsibilities and authorities should in no way become confused with, or too closely intermingled with, the responsibilities and authorities of the superior's *individual* job. A natural fear is that the committee *or* the individual job may lose its identity in the other, depending on whether the individual or the group dominates in the particular situation.

As already indicated, close analysis of these two major points—the committee's purpose, and its responsibilities and authorities—will lead to the answers to the other major questions previously raised: should the committee be retained, modified or dissolved; and what are the organizational alternatives?

Assuming these analytical steps have been taken and a committee is to be retained, the next logical questions concern the reporting relationship and membership of the committee.

Committee Membership and Reporting Relationship

The reporting relationship in the case of committees has a different significance than in the case of individuals. The weakness of committees, it has consistently been charged, lies in their lack of accountability. It is rather difficult to attach accountability to a group acting in concert; and by the time that accountability can be fixed on any one of the members, it is somewhat diluted. This fact emphasizes the need for a definite reporting relationship to an individual so that effective accountability can be fixed at that point. Of course, organization principles are involved here: the superior's commensurate authority, since he is to be held accountable; and the one-boss principle. It is with these in mind, that a constant recommendation is that the committee report to an individual who is in a position of authority, preferably with respect to all the members, or at least to a large majority.

And the same idea is usually stated conversely when membership is being considered: if the function is to be performed principally for the benefit of a particular executive, it is important that most of the members be subordinates of that executive.

Sometimes a committee's functions are intended to benefit more than one individual, or the most likely selections for membership are not subordinates of the one to be benefited. Such situations raise a couple of questions: Have the functions of the committee been improperly mingled? Has the individual to be benefited, or to whom the committee is to report, been properly selected; is it possible that a higher-level executive should replace the intended superior?

While some researchers have attempted to substantiate a specific ideal size for committees, experience indicates no ideal size. Actually the size will be determined by a combination of the purposes and functions. If a committee needs certain facts, the individuals chosen as members and their approximate number are determined by who has access to the required data. If certain judgments are to be made, members are chosen who are in a position to make the judgments. Departmental representation as such is a factor only where a definite departmental contribution or interest is involved. Political considerations and prestige factors have led to cumbersome committees. In the final analysis, members of effective committees are selected for their professional, vocational, or personal attributes depending on how these things relate to the purposes and functions of the committee. The aim is to effect a strategic balance of all factors. A red light should flash when it is found that the committee has spawned subcommittees.

Committee Operation

One of the knottier problems of committee conduct concerns the status of all committee members as individuals. Confusion sometimes exists in the minds

of committee members concerning their status as members. Should they represent their respective departments? Should they exercise independent judgment if they know their departmental superior might hold different views? Should they think and act in terms of the good of the company as a whole as they objectively see it, or should they think and act from the point of view of the department they represent?

Considerable discussion with members of various types of committees has brought out one generalization that might be considered a tentative rule of thumb: generally, during initial discussions members feel bound to represent the viewpoints of their respective departments and their individual departmental responsibilities in presenting matters or explaining positions to a committee. But when a committee position or recommendation is to be adopted, members act in various capacities depending upon the nature of the committee's business.

There are certain types of committees, for example, in which members may be permitted to exercise individual business judgment and act more or less independently and, it is hoped, objectively. On a salary committee or contributions and donations committee, for instance, independent judgment seems to be called for, once departmental positions have been presented and given due consideration. There are others, however, where members are required to act only as department representatives. On most coordinating committees, for example, a member cannot agree to a course of action that will involve his department if he knows it will not be able to deliver the type of action necessary. This does not mean he cannot modify his original position, but he is limited to the flexibility of his department's position.

On most executive committees, the members present departmental positions so that the effects on the various phases of the business can be accurately appraised. But following this, these members will generally vote objectively for the action that seems best for the company as a whole. On some committees it is important that departmental positions be strictly adhered to, and minority positions reported along with the committee majority. On others, and a patent committee might be an example, a departmental position as such may have no significance.

Committee members usually want to know just what role they are expected to play. One committeeman, for example, served for two years without contributing to a discussion or taking a position. He didn't encounter anything in the committee's business that directly affected his department. He later learned that he wasn't expected to represent a department but a point of view which his educational background was supposed to have provided — but no one had told him.

There are, of course, other aspects of committee operating procedure that require attention in any evaluation seeking to improve committee performance or lower costs. Perhaps merely mentioning a few of them is all that is necessary here. For instance, the frequency, timing and location of meetings can be so arranged that over-all efficiency will be improved, and committee accomplishments enhanced. Some committees require regular meetings whereas others do not. Coordinating committees, for example, generally initiate their own activity, and the degree of accomplishment tends to vary with the amount of time spent in, and frequency of, sessions.

The procedures for disseminating committee minutes and recommendations warrant analysis. Very often ways can be found to reduce delays, as when recommendations can be routed directly to those who have authority to act, rather than through more ponderous channels seemingly dictated by the committee's position in the organization structure. The way and extent to which a committee utilizes investigating, testing and report writing services available in the organization, or perhaps consultative services, will affect its costs and efficiency. When used properly, the committee will be able to confine its own activity to areas where it is most effective, and such utilization may forestall the appointment of additional subcommittees.

Still another possible area for study is the role of the committee chairman. The chairman's ideal role includes direction of most of the administrative detail of the committee. But more important, in meetings he is expected to facilitate the progress, encourage participation, and keep the discussions within bounds of the committee's sphere. These are the types of operating details that may lead to a direct "pay off" in a cost evaluation.

WHO MAKES THE EVALUATION

These major questions concerning the committee's purpose, responsibilities and authorities, reporting relationships, members and operating methods serve as a basic framework for periodic committee appraisal and evaluation. A natural question is: "Who in the organization should be investigating or asking these questions?"

At least four answers have been offered:

1. An organization planning staff, after consulting with actual or prospective committee members, can make recommendations, when requested, to the person who established the committee, or who plans to establish a committee. The staff carrying out such an assignment usually does not limit itself to committee members in its contacts; it pursues certain aspects of the problem with others significantly affected.

2. The individual to whom a committee reports, after talking with committee members primarily, and others significantly affected by the work of the committee, may make recommendations to the person

who established the committee. The former asks in order to decide what to do about it.

3. The chairman and members of the committee, after discussing it among themselves, may recommend to the person to whom the committee reports that the committee be modified or dissolved.

4. The individual who established the committee, or who plans to establish a committee, can consult any or all of the persons mentioned above, in order to decide on a course of action.

Apart from the fact that committees require a thorough analysis at the time they are established, experience has shown that many of them come into being because of imperfections in organizational structures and when suitable alternatives are not available. As organizations are improved, some of these committees, previously justified, will become outmoded. Therefore *continuous* evaluation of committees is needed, and this is especially true in a period of tight economy when luxuries cannot be tolerated.

Obviously, the key individual or agency in the policing of committees is the one who can and does establish them, and presumably would ultimately dissolve them when they no longer fulfill a purpose. But very often, after a committee is established, the members themselves, or the individual or agency to whom the committee reports, will first become aware of circumstances which call for modification or dissolution. And, of course, a staff planning agency can frequently provide objective guidance in the policing effort. It follows that a *concerted* effort is necessary for best results.

To illustrate this point, consider a hypothetical case. A company earnestly sets about the job of evaluating its standing committees, and elects to accomplish this by having its organization planning staff study the situation, and ultimately make recommendations concerning each existing committee. The results thus obtained are not completely satisfying. While the company does reduce an original eighty-five committees to fifty-five after several years of intermittent attention, and also more effectively organizes a number of those remaining by modifying assignments, it finds it has seventy committees still on the books. In the interim, fifteen new committees have been inaugurated. This example actually parallels one company's experience.

Appraising the need for a committee and its performance is even more difficult than appraising individuals. Costs are hard to measure, results are even more difficult to determine. The key to committee evaluation lies in its stated purpose—the reasons a group was chosen to act collectively rather than an individual. Do the reasons still exist? And here, one pitfall is to look at the committee's function rather than its purpose and then conclude that the function is still needed.

There is one helpful measuring stick available: al most everything a committee does can also be accom plished by an individual, if the organization is proper ly conceived and has matured; a committee in a probability will cost more than an individual, an these labor costs and certain operating expenses ca be reasonably estimated; are the results from a com mittee — to the extent they can be identified – commensurately greater than those that could be ex pected from an individual? Sometimes the answer wi be "yes."

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Division of Personnel Administratio

Ford Agreement

(Continued from page 337)

However the benefits he is eligible for may be reduce in two ways:

1. The total payment will vary with the SU trust fund position. If the trust fund is at the 100% level, he receives the full amount. But if it is lower— at 80% for example—the employee is entitled t only 80% of the benefits.

2. Any SUB payments he has received after th last day he worked will be deducted from his lum sum separation pay.

While no separation payments will be made shoul the trust fund position be below 13%, application received will be processed when the fund rises abov 13%. Should applications for both separation pay ments and SUB benefits pile up when the fund is a a relatively low position, the plan administrators ma give priority to separation payments and defer SU benefits.

Alternate Benefits

To cover employees in the state of Indiana wher supplementation is not permitted, the revised pla offers a specific method for providing alternate bene fits. In effect, the laid-off employee in Indiana who i eligible for state UC may apply for state and compan benefits in alternate weeks.

The company benefit he receives is graduated on th basis of normal hourly pay (including cost of living and the number of dependents he has. For the em ployee earning $1.95 per hour with no dependents, th company benefit amounts to $42. Thereafter, the bene fit amount is graduated by $1 for each additional cents in hourly earnings plus an additional $1.50 fo each dependent up to six. The maximum benefit i $63. For any individual employee, this alternate bene fit is just about equal to the total amount in state U plus the company supplement which he would receiv in Indiana were supplementation permitted. This par ticular provision of the Ford plan follows rather closel

the plan for alternate benefits recently worked out for SUB in the rubber industry. Indiana, late in August, approved the rubber plan.

To get an alternate benefit under the Ford plan, the employee must not apply for or receive a state system benefit during that week. And he must, of course, have credit units. The number of credit units canceled for each week of alternate benefits is exactly double the number required for a regular company supplement. Thus, with the fund at 100%, two credit units are canceled for each week of alternate benefits while only one would be canceled for a regular company supplement. Considering the difference in the size of the company payment, the doubled cancellation rate, over any period of time, does not work to the disadvantage of Indiana employees.

Under the agreement, the parties are allowed to work out alternate benefit arrangements in other states that do not permit supplementation.

Financing

These liberalized benefits in the form of higher benefits, shorter-workweek supplements, longer duration of benefits in some states, and separation payments will be made with no increase in the company's contribution rate of 5 cents per hour of employee pay. It is even possible that the company's total contribution for the coming contract year will average less than 5 cents per hour paid for.

The possibility exists because maximum funding under the Ford plan is adjusted to reflect past experience with benefit payments. The original maximum funding of $393 per employee on the payroll, plus those with credits, was based on the possibility of average benefits being $25. But the plan provided that if average benefits were less than this, the maximum funding would be adjusted accordingly. The table of adjustments, set up in the original plan and now continued in the revised plan, is as follows:

If the average benefit (for the twelve months ending August, 1959 and August, 1960 respectively) was:	The adjusted maximum funding for months (following August, 1959 and August, 1960 respectively) shall be the following per cent of maximum funding for such months:
$20 or more	100%
$15-19.99	80%
$10-14.99	60%
$ 5- 9.99	40%
Less than $5	20%

In accordance with the plan, the first adjustment occurred on June 1, 1958 when maximum funding was dropped to 60%. This meant that instead of needing $393 per employee to attain maximum funding, only $235.80 was required. Since well over this amount was already in the fund, the immediate effect was to change the trust fund position (which is: the actual amount in the fund divided by maximum funding required) from roughly 70% to well over 100%. Thus, Ford (and GM and Chrysler as well) was not required to make any further contributions until the trust fund position fell below 100%. And no contributions were made for June, July, and August.

The 60% adjustment in maximum funding will be continued for the next twelve months under the revised plan. At the time the new contract was signed, the consolidated fund was still at slightly over 100%.

But there are several things that may alter this in coming months. With the trust fund position at 100%, the value of credit units and the resulting duration of benefits is increased. The liberalization of benefits and the addition of new benefits, which are effective September 1, also make possible increased payments from the fund. And the recall of a considerable number of employees who previously had exhausted credit units raises the total size of the fund required.

Even so, the 40% drop makes maximum funding much easier to attain, and it also makes possible an earlier discontinuance of payments into it for the present. But the higher benefits (65%) payable may result in higher maximum funding in the future.

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Vacation Relief Nurses at Weirton

The medical department of Weirton Steel Company, Weirton, West Virginia, has developed a relief nurse vacation plan that has also proved helpful in providing replacements for the department's permanent nursing staff.

During the summer months, three full-time relief nurses are hired to serve during the vacation periods of seventeen regular full-time nurses. The relief nurses may be new graduates or nurses who ordinarily are engaged in other types of nursing such as private duty care. Occasionally a relief nurse may be someone who served on the company's permanent staff prior to marriage and whose family is now old enough for her to resume work.

The relief nurses are given a three-day orientation so they may observe the operations of the medical department. The temporary employment provides the nurse with a chance to learn whether she likes industrial nursing. And at the same time it gives the medical staff an opportunity to observe the nurse on duty and determine whether she is qualified for industrial nursing. If the arrangement is mutually satisfactory, the nurse becomes a candidate for a future permanent position in the department.

In addition to Weirton's seventeen full-time nurses, there are five physicians (four full-time and one part-time) to serve the more than 12,000 employees.

Significant Pay Settlements

Company, Union[1] and Duration of Contract	Pay Adjustments	Fringe Adjustments
MANUFACTURING		
Chemicals and Allied Products		
Monsanto Chemical Co. (John F. Queeny Plant) with *Chemical Workers* at St. Louis, Mo. 1,500 hourly Effective 4-15-58 (signed 7-7-58). Contract expired New contract: 2 years	9¢ per hour general increase Add'l. 1¢ per hour to premium operators and maintenance employees 25¢ per hour Sunday premium Deferred increase: 8¢ per hour 4-15-59	Added: 8th paid holiday and cost of living justment (eff. 4-15-59)
Monsanto Chemical Co. (William G. Krummrich Plant) with *Chemical Workers* at East St. Louis, Ill. 1,500 hourly Effective 7-9-58. Contract expired New contract: 1 year	10¢ per hour general increase 25¢ per hour Sunday premium	Added: 8th paid holiday
Rubber and Rubber Products		
General Tire & Rubber Co. with *Rubber Workers* at Akron, Ohio and Waco, Tex. 3,000 hourly Effective 7-7-58. Wage reopener Contract expires: 5-1-59	8¢ per hour general increase (3.2% average)	No change
Goodyear Tire & Rubber Co. with *Rubber Workers* Interstate. 20,000 hourly Effective 6-30-58. Wage reopener Contract expires: 4-15-59 (basic), 6-1-60 (pensions & insurance). Contract reopening 4-15-59 (pensions & insurance)	8¢ per hour general increase (3.1% average)	No change
U.S. Rubber Co. with *Rubber Workers* Interstate. 22,000 hourly Effective 7-7-58. Wage reopener Contract expires: 4-59	8¢ per hour general increase Salary structure minimums and maximums adjusted by 3%	No change
Machinery		
Baso, Inc. with *Allied Industrial Workers* at Milwaukee, Wis. 650 hourly Effective 6-2-58. Wage reopener Contract expires: 1 year	4% general increase (8¢ per hour average)	No change
J. I. Case Co. with *UAW* at Racine, Wis. and Rock Island, Ill. 3,746 hourly Effective 5-58. Contract expired New contract: 2 years. Reopenings 4-1-59 (Racine) and 5-1-59 (Rock Island)	15¢ per hour average increase (from 12¢ to 20¢ per hour)—Racine 13¢ per hour average increase (from 9¢ to 19¢ per hour)—Rock Island	Added: Major medical insurance
Clark Bros. (Div. of Dresser Operations, Inc.) with *Steelworkers* at Olean, N. Y. 1,600 hourly Effective 6-1-58. Contract expired New contract: 1 year	5¢ per hour general increase	Added: SUB plan Revised: Basic medical plan and insured ability pay
Miehle Co. (Div. of Miehle-Goss Dexter, Inc.) with *IUE* at Chicago, Ill. 600 hourly Effective 7-14-58. Wage reopener Contract expires: 4-30-59	5¢ per hour general increase (2% average)	No change

ompany, Union[1] and Duration of Contract	Pay Adjustments	Fringe Adjustments
er and Allied Products		
rinette Paper Co., with *ermakers & Paperworkers* and *Pulp, Sulphite Paper Mill Workers* at Marinette, Wis. 490 rly ffective 5-13-58 (signed 6-12-58). Contract xpired ew contract: 1 year	5¢ per hour general increase (2.3% average increase) Add'l. 2¢ per hour to wood handlers and 3¢ per hour to truck driver-trailer truck	Added: Severance pay Revised: Holiday pay and paid funeral leave
tt Paper Co. with *ermakers & Paperworkers* at Detroit, Mich. hourly ffective 5-1-58 (signed 6-19-58). Contract xpired ew contract: 1 year	5¢ per hour general increase (2.3% average)	Revised: Vacation pay
tiles		
stmann Woolen Co. with *tile Workers* at Passaic, N.J. 500 hourly ld contract renewed and extended without hange for 1 year ontract expires: 4-30-59	No change	No change
o-Lowell Shops with *tile Workers* at Biddeford, Me. 1,000 hourly ld contract renewed and extended without hange for 1 year ontract expires: 9-15-59	No change	No change
er Manufacturing		
ifornia & Hawaiian Sugar Refining Corp., . with *ar Refinery Employees* and *Longshoremen's & rehousemen's Union, ind.* at Crockett, Calif. 0 hourly igned 7-58. Wage reopener ontract expires: 2-1-59	15¢ per hour general increase (6.8% average) to longshoremen. 14¢ per hour general increase, or 6.8% (whichever is greater) to sugar refinery workers	No change
umbia Records (Div. of Columbia Broadcast- System, Inc.) with , *ind.* at Bridgeport, Conn. 775 hourly ffective 6-1-58. Contract expired ew contract: 1 year	10¢ per hour general increase to day workers. 5¢ per hour general increase to piece workers Add'l. 10¢ to certain skilled trades (first class); 5¢ to 2nd and 3rd class machinists and electricians; 2¢ to other skilled trades; 10¢ to linotype operator; 7¢ to extruder operator; 5¢ to tester and trouble shooter; 2.5¢ to firemen, firemen's helper and watch engineer	Added: Paid funeral leave Revised: Basic medical plan and normal pension benefit (eff. 1-1-59)
vspaper Publishers Assn. (representing "Philahia Bulletin" & "Philadelphia Enquirer") with *msters, ind.* at Philadelphia, Pa. 500 hourly drivers) ffective 7-8-58. Contract expired ew contract: 3 years	$4 per week general increase Deferred increases: $3 per week 7-8-59 and $2.80 per week 7-8-60	Revised: Vacation pay
sbury Mills, Inc. with *in Millers* at Springfield, Ill. 900 hourly ffective 7-13-58. Contract expired ew contract: 1 year	11¢ per hour general increase	No change
ajor Portland cement companies (95 plants) 1 *ent, Lime & Gypsum Workers.* Interstate. 00 hourly ffective 5-58. Contract expired ew contract: 1 year (basic) and 5 years (penon agreement)	From 8¢ to 14¢ per hour increase Extra premium for Sunday work	Revised: Normal pension benefit and disability pension

Significant Pay Settlements—continued

Company, Union[1] and Duration of Contract	Pay Adjustments	Fringe Adjustments
	NONMANUFACTURING	
Atlantic & Gulf Coast dry cargo & passenger companies, tanker and collier companies with *National Maritime Union*; *Masters, Mates & Pilots*; and *Marine Engineers*. Interstate. 32,000 monthly Effective 6-16-58. Contract expired New contract: 3 years	No general increase, but special ratings to be considered by committee	Revised: Normal pension benefit, disabilit sion, health insurance for retired, vac off-ship room and meal allowance, some ing conditions
Detroit Edison Co. with *Utility Workers* at Detroit, Mich. 3,500 hourly Effective 6-2-58. Contract expired New contract: 2 years. Reopening after 6-1-59	2.5% general increase (6¢ per hour minimum) Cost of living increase totaling 15¢ per hour incorporated into base rates	Revised: Life insurance, vacation pay anc funeral leave
Laclede Gas Co. with *Oil, Chemical & Atomic Workers* at St. Louis, Mo. 2,230 hourly Effective 7-1-58. Contract expired New contract: 1 year	12.5¢ per hour general increase to production and maintenance workers. 5% general increase to clerical workers	Added: Basic medical plan, ½ paid h (Christmas Eve)
Marshall Field & Co. with *Building Service Employees* at Chicago, Ill. 1,500 hourly Old contract renewed and extended without change until 12-26-58	No change	No change
Milwaukee Gas Light Co. with *Oil, Chemical & Atomic Workers* at Milwaukee, Wis. 750 hourly Effective 7-16-58. Contract expired New contract: 2 years. Reopening 6-1-59	12.5¢ per hour general increase	Revised: Company paid sick leave and tion pay
Niagara Mohawk Power Corp. with *IBEW* in western New York, 8,550 hourly Effective 6-1-58. Contract expired New contract: 2 years	5% general increase (12.5¢ per hour average) Shift differential increased to 12¢ per hour Deferred increase: 5% 6-1-59	Revised: Minimum normal pension benefit, medical plan, major medical insurance f tired and vacation pay (eff. 1-1-59)
Ohio Edison Co. with *Utility Workers* in northeastern Ohio. 1,550 hourly Effective 7-1-58. Contract expired New contract: 2 years. Reopening 7-1-59	5.1% general increase	Revised: Basic medical plan, life insuran retired, vacation pay, and paid funeral
San Francisco Retailers Council with *Retail Clerks* at San Francisco, Calif. 8,000 hourly Effective 6-1-58 (signed 7-1-58). Contract expired New contract: 3 years. Reopenings 6-1-59 and 6-1-60	5¢ per hour general increase	Added: Major medical insurance, company sick leave, supplements to workmen's pensation and state disability pay Revised: Basic medical plan

[1] All unions are affiliated with the AFL-CIO unless otherwise indicated.

Studies in Business Economics

In the October Business Record

Department Store Operations—A comparison of department store operating results with those of other retailers and an analysis of the big stores' operations by size of enterprise are among the subjects discussed in the third instalment in a series on "Department Stores in a Decade of Change" to appear in The Business Record. This third instalment is in the October issue.

A Blueprint for Canada—Our Canadian office presents a picture of the people, geography, and industry of Canada in the light of the Gordon Commission reports, which "provide a helpful operational base from which businessmen can make their own adjustments" to "the changed conditions of economic growth and development."

Soviet Foreign Trade—A twenty-page article abstracting the main facts and figures of Russia's emergence as a giant in world commerce. For instance, "while the Soviet Union has now become one of the major world exporters of machinery and equipment, it is also one of the great importers of such goods." Official figures on Soviet imports and exports by country and also by commodity are provided in appendix tables to the article.

Viewing the Upturn—"The business recovery that began in the early spring now carries many of the earmarks that distinguished the 1954-1955 recovery at a comparable stage of development. . . . The statistics have turned up where they should have turned up; where no uptrend is yet discernible, it is still too early to expect much improvement. . . ."

Stock Market Behavior—A capsule sketch of industrial stock prices during their decline and recovery in the period from July, 1957 to the present.

Farm Prices and Food Prices—How sensitive are retail food prices to changes in the index of prices received by farmers? How closely does the series prepared by the Department of Agriculture correspond in its movements to those of the consumer price index? This article points out the differences in movement and some of the reasons why "the two series have often moved in opposite directions, even after allowance for a farm-to-retail time lag."

Published by THE CONFERENCE BOARD
460 Park Avenue, New York 22, N. Y.

PRINTED IN U.S.A.

NATIONAL INDUSTRIAL CONFERENCE BOARD, INC.

LET THERE BE LIGHT

FOUNDED 1916